## OVERVIEW OF THE DEPARTMENT OF LABOR

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## A. INTRODUCTION

Created by a law signed by President William H. Taft on March 4, 1913, the U.S. Department of Labor is one of the oldest cabinet level departments in the Federal government.

#### MISSION

The Department of Labor fosters and promotes the welfare of the job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening free collective bargaining, and tracking changes in employment, prices and other national economic measurements. In carrying out this mission, the Department administers a variety of federal labor laws including those that guarantee workers' rights to safe and healthful working conditions; a minimum hourly wage and overtime pay; freedom from employment discrimination; unemployment insurance; and other income support.

## **DOL ORGANIZATION**

The Department of Labor is organized into major program areas, each headed by an Assistant Secretary or Commissioner who administers the various statutes and programs for which the Department is responsible. These programs are carried out through a network of regional offices and a series of field, district, and area offices, as well as, in some cases, through local-level grantees and contractors.

## **BACKGROUND**

In September 1997, the U.S. Department of Labor submitted its first six-year Strategic Plan under the Government Performance and Results Act to the U.S. Congress, covering FY 1997 to FY 2002. The Strategic Plan outlined the mission, vision, departmental structure, and set forth six strategic goals. The goals were designed to focus on important priorities that would assist workers with the challenges they face in the new millennium. The Department's FY 1997 financial statement discussed Agency accomplishments in terms of these six strategic goals:

- Lifelong Learning and Skill Development
- Promoting Welfare to Work
- Enhancing Pension and Health Benefits Security
- Safe, Healthy and Equal Opportunity Workplaces
- Helping Working Americans Balance Work and Family
- Maintaining a Departmental Management Process

In response to concerns raised by external reviewers that the DOL Strategic Plan did not adequately reflect the integration and cross-cutting nature of DOL's programs, the Department, in the Fall of 1997, seated a cross-agency working group to review the goals and develop the first DOL Performance Plan for FY 1999. This group, made up of representatives from major program areas in the Department, consolidated the six goals into three strategic goals. These three goals became the structural basis for the FY 1999

Departmental Annual Performance Plan and a revised Departmental Strategic Plan. The strategic goals, listed below, incorporate the Secretary's vision for the Department, facilitate increased coordination, and foster greater cohesion within the Department.

A Prepared Workforce: Enhance opportunities for America's workforce
 A Secure Workforce: Promote the economic security of workers and families
 Quality Workplaces: Foster quality workplaces that are safe, healthy, and fair

With this integrated programmatic focus, DOL staff and the American public can more clearly see the linkage between the Department's many Agencies and programs and can better appreciate how the Department serves the common purpose of helping America's workers meet the challenges they face today and in the future.

In addition to the Department's programmatic goals, as part of its overarching management focus, the Department has also established long term management initiatives and performance goals to address crosscutting departmental functions such as financial, information technology and human resources management. The most significant of these performance goals for FY 1999 are also addressed in the Department's FY 1999 Annual Performance Plan.

## THE GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

GPRA has provided a valuable set of tools to enhance the Department's program and managerial effectiveness. A major challenge in FY 1998 was to set a management framework to use those tools and to establish a process aimed to assure the Department's performance and level of accountability for program results. The process includes these three components:

- A Management Council, chaired by the Deputy Secretary with members comprising Agency Assistant Secretaries, has been established to provide a forum for discussing substantive management issues, including those with resource implications. The Council is involved in assessing and reviewing the progress of Agency programs, Information Technology strategic planning, the budget process, and the legislative agenda.
- A Strategic and Performance Plan Workgroup was also established as a permanent cross-agency team that prepares the Department's Annual Performance and Strategic Plans. The team develops and updates both plans and responds to opportunities for cross-cutting initiatives among agencies both internal and external to the Department.
- A DOL-wide process to report and monitor Agency performance against performance goals in the DOL Annual Performance Plan has been proposed to meet the Secretary's and Deputy Secretary's management needs.

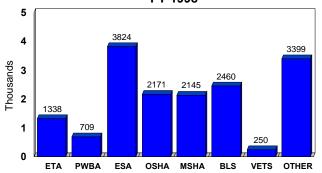
## FY 1998: A YEAR OF TRANSITION

Performance information on the programs of the Department contained within the "Overview of the Reporting Entity" has been aligned with the Department's Strategic goals and is consistent with the performance reporting requirements under the Government Performance and Results Act and for the Department's Accountability Report.

FY 1998 is viewed as a 'base year' for establishing baseline data to be used as the starting point for measuring progress over the period covered by the Department's and the individual Agencies' strategic plans. As a result, the reader will note that some measures included in the *Overview* section do not have accompanying FY 1998 performance data. Where data is unavailable, a status comment on progress toward establishing the measure and obtaining the data is provided for most measures. When this report is prepared for FY 1999, program data will be reported for all measures listed in the Department's and Agency performance plans.

## B. DOL GOALS AND ACCOMPLISHMENTS

## U. S. Department of Labor Staff Years By Agency FY 1998



## Introduction

The Department's work is organized around three strategic goals, which are derived from the mission of the Agency. They are outlined in the DOL Strategic Plan and the FY 1999 Annual Performance Plan. These goals build on our successes and respond to the challenge of helping every working American participate and prosper in today's economy.

## **DEPARTMENTAL GOALS**

Within each strategic goal are two to three outcome goals which further describe results to

be achieved. At the Departmental level, specific fiscal year targets for program accomplishment in these 11 outcome goal areas will be assessed by monitoring 49 key Agency performance goals and measures selected from the over 200 measures in Agency performance plans. These measures, which comprise the goals in the Department's FY 1999 Annual Performance Plan and the Department's Strategic Plan, were chosen for their coverage of key DOL programs.

The Department has also established long term management initiatives and performance goals to address departmental functions such as financial management, information technology, and human resources management. The most significant of these performance goals for FY 1999 are addressed in the Department's FY 1999 Annual Performance Plan. FY 1998 progress against these goals is highlighted at the end of Section B.

While assessment against the measures in the FY 1999 Department's Annual Performance Plan does not begin until FY 1999, a summary description of FY 1998 program activity in terms of preliminary measurement of program results against the measure or the establishment of baseline data is provided in *Section C* which follows this section.

## AGENCY PERFORMANCE GOALS AND PROGRAM ACCOMPLISHMENTS

FY 1998 has been a year of transition for DOL in terms of refocusing the context of the Department's programs from a traditional Agency structure to one that aligns with the Secretary's Three Cross-Cutting Goals. Accordingly, the program accomplishments which follow, are not addressed by DOL component Agency, but instead are presented within this three goal framework.

## **DOL STRATEGIC GOAL 1:**

## A PREPARED WORKFORCE

Enhance opportunities for America s Workforce

#### Introduction

DOL is committed to creating an environment where those new to the labor force or those wishing to improve their potential are provided the assistance and tools needed to achieve success in today's job market. Also included are the departmental programs directed toward those seeking information for making sound economic decisions.

The Secretary of Labor's key priorities for this strategic goal are to provide opportunities for individuals to obtain the skills necessary to succeed in the global economy, close the employment gap for out-of-school youth, and increase long-term jobs for people as they move from Welfare-to-Work.

Agencies and programs which support this strategic goal include the Employment and Training Administration, the Employment Service, One-Stop Career Centers, the Welfare-to-Work Jobs Program, Job Training and Partnership Act (and successor) programs, the Veterans' Employment and Training Service, the Bureau of Labor Statistics, the Office of the Solicitor, and portions of the Departmental Management account.

## OUTCOME GOAL 1.1 -- INCREASE EMPLOYMENT, EARNINGS, AND ASSISTANCE

The Employment and Training Administration (ETA) and the Veterans Employment and Training Service (VETS) operate through a system of State and local public-private partnerships. This system provides employment and training assistance to disadvantaged, low-income individuals and veterans who have been unsuccessful in forming long term job and career attachments.

#### EMPLOYMENT AND TRAINING PROGRAMS

DOL is committed to creating a workforce development system where those new to the workforce or those wishing to improve their potential are given the assistance and information needed to achieve success in today's ever-changing job market. The Department oversees and monitors its employment and training programs<sup>1</sup> in partnership with States and local communities through an evolving workforce investment system, which also includes the employer community and the private sector. This system includes the programs that provide training and employment assistance to eligible disadvantaged, low-income individuals.

<sup>&</sup>lt;sup>1</sup>Note: Most employment and training programs are forward-financed on a program year basis with funds becoming available during the last quarter of the fiscal year and remaining available through most of the next year; consequently, where programs are financed on a program year basis, information in this report is provided for Program Year 1997, which ended in June, 1998.

Two programs that address the outcome goal of "increasing employment, earnings, and assistance" are the Welfare-to Work program and the JTPA Adult Training Grants.

## WELFARE-TO-WORK

The Welfare to Work Grants program, a two-year program which began in FY 1998, provides grants to States and local communities to provide job opportunities for the hard-to-employ recipients of Temporary Assistance for Needy Families which will enable them to move into unsubsidized employment with the goal of achieving economic self-sufficiency. The program was funded at \$3 billion for FY 1998 and FY 1999 with 75% distributed to States in formula grants and 25% distributed through competitive grants to local governments, Private Industry Councils, and private entities.

In FY 1998, 48 States applied for and received Formula Grants totaling approximately \$1.03 billion. Six States did not apply. In addition, 51 Competitive Grants were awarded for a total of \$199 million. The balance of FY 1998 competitive grants funds will be awarded in FY 1999.

In FY 1999, approximately \$1.03 billion will be available for State Formula Grants and ETA anticipates providing them to all States which received funding in FY 1998 as well as States applying for the first time.

Performance bonus grants (\$100 million) to high performing States will be awarded in FY 2000.

The performance goal for FY 1999 for the Welfare-to-Work program that will contribute to "increased employment, earnings, and assistance" is for 56% of those completing Welfare-to-Work program terminees to be placed in unsubsidized employment.

No performance data is currently available for this measure. The first round of financial reports for the Welfare to Work Grants program, including both the formula and competitive grants, will not be available until early 1999. The elements for the participant reports have been published in the *Federal Register* for comment by the Department of Health and Human Services, which is responsible for the collection of this data for the formula grants portion of the program. The list of elements, which will also be used by DOL for participant reporting in the competitive grants portion of the program, should therefore be finalized early in 1999 so that reporting can begin by mid-year.

Since the program is in the very early stages of implementation, States and competitive grantees are just beginning to enroll participants in their program. Consequently, we do not anticipate a significant number of terminees until the end of the first year of program operation.

#### ADULT TRAINING GRANTS

The Department provides employment and training assistance to eligible disadvantaged, low-income individuals who have been unsuccessful in forming long-term job and career attachments or who are on welfare, through a system of about 640 local, public-private partnerships (with some State variation for WtW grants based upon Governors' discretion).

During Program Year (PY) 1997, ending June 30, 1998, approximately \$895 million in Federal funds were distributed to State governments for this program. By law, States retain twenty-three percent of the funds for Statewide activities and distribute the balance to the 640+ Service Delivery Areas (SDAs). These programs offer basic skills and job training and support services.

For PY 1997, 66% of adult terminees were employed one quarter after program exit. Average weekly earnings at follow-up were \$322 in PY 1997.

The performance goal for FY 1999 for the Adult Training Grants program that will contribute to "increased employment, earnings, and assistance" is for 64% of JTPA adult disadvantaged terminees to be employed one quarter after program exit with average weekly earnings of \$292. FY 1999 funds finance activities during the program year beginning July, 1999 and ending June 2000. The FY 1999 goals were based on PY 1996 experience, the last full year for which data were available at the time 1999 goals were established.

#### VETERAN S EMPLOYMENT AND TRAINING PROGRAMS

The Department of Labor develops and promotes training and employment opportunities for the Nation's veterans with special emphasis placed on assisting disabled and Vietnam era veterans. To help accomplish these goals, the Department administers two major veterans' programs through the Veterans' Employment and Training Service (VETS): the Disabled Veterans' Outreach Program (DVOP) and the Local Veterans' Employment Representative (LVER) program. In Fiscal Year (FY) 1998, \$157 million was available to State Employment Security Agencies (SESAs) for staffing these two programs. These funds were sufficient to fund about 1,413 DVOP and 1,309 LVER (FT or half time) positions. The Department also ensures SESAs' compliance with statutory mandates requiring priority be given to veterans for all services.

For FY 1998, the performance goal for grantees in the Disabled Veterans' Outreach Program (DVOP), and the Local Veterans' Employment Representative (LVER) program, in conjunction with the Job Training Partnership Act, Title IV-C program (JTPA IV-C), and the Homeless Veterans' Reintegration Project (HVRP) was to help 308,000 veterans find jobs.

In actuality, these grantee staff helped approximately 297,000 veterans into jobs during the program year. It should be noted that approximately 1,500 of this number were participants in the JTPA IV-C and HVRP programs which is on a Program Year (PY) basis (because of the difference between PY and FY, the 1,500 figure represents approximately one fourth of the JTPA IV-C and HVRP participants that are anticipated being helped into jobs during PY 1998). The primary reason that the actual number was lower

PY 1996

PY 1996

PY 1994

PY 1993

O% 50% 100% 150% 200%

Special Disabled Disabled Wetnamera Veterans

than the planned goal was due to a reduction in the number of DVOP/LVER staff available to serve veterans.

The mandate that requires SESAs to provide priority of service to veterans serves to accomplish many more jobs for veterans than those attributed solely to the DVOP and LVER programs. A significant function of staff under the LVER program is to ensure that this priority occurs by facilitating the provision of services to veterans by all SESA staff. In the year ending June 30, 1998, this priority translated into more than 492,000 veterans being helped into jobs. This includes the 297,000 veterans cited above.

In Program Year (PY) 1997, State Employment Security (Job Service) agencies, including the

DVOP/LVER staff, registered 1.85 million veterans. A noteworthy accomplishment is the continuing relatively high proportion of 29.5% (28.2% in the previous year) of special disabled veterans helped into jobs, which exceeds the entered employment rate achieved for all veterans, 26.6% (25.1% in the previous year). The chart on the preceding page shows the success of the Department's Veterans' Employment and Training Service staff and funded State staff in obtaining positive results from applying priority of services for veterans, particularly for special disabled veterans. The chart shows the ratio of the entered employment rates for special disabled, disabled, Vietnam-era and all other veterans to that of non-veterans (which is set at 100%).

In addition to the continuing priority given to service-connected disabled veterans, a specific performance goal for VETS is to reduce National unemployment totals for veterans who are female, black, Hispanic, Native American, Asian-American, young (age 20-24), special disabled and disabled, and economically disadvantaged by at least 5% through FY 2002. Unemployment data for 1997 (table below) shows which of these groups had lower unemployment numbers than the baseline year. VETS will pay particular attention to unemployment rates for Special Disabled Veterans, Disabled Veterans, Native American and Hispanic veterans in the coming year, and will modify guidance to SESAs to increase emphasis on services to these groups.

#### VETERANS UNEMPLOYMENT BY CATEGORY

Group	Baseline	Number Unemployed	% Unemployed	1997 Data Unemployed	% Unemployed
Special Disabled Veterans	BLS Vets Survey 1995	17,000	6.7%	23,000	5.7%
Disabled	BLS Survey 1995	43,000	4.5%	44,000	4.0%
Female Veterans	Annual Avgs 1996	43,000	5.9%	36,000	5%
Black Veterans	"	104,000	6.8%	80,000	5.5%
Hispanic Veterans	"	25,000	4.2%	28,000	4.7%
Native American	BLS Annual CPS Survey CY 1996	8,000	5.4%	11,000	8.2%
Asian American	66	11,000	5.9%	7,000	4.0%
Young (Age 20-24)	Annual Avgs 1996	13,000	9.1%	10,000	9.1%

## OUTCOME GOAL 1.2 -- TO ASSIST YOUTH IN MAKING THE TRANSITION TO WORK

A variety of interventions address basic and intensive education, training, career preparation and job needs of primarily disadvantaged youth and low-income youth, but also in-school youth needing to prepare for the world of work. The goal of these programs is employment in jobs that will provide a long-term career path, to return youth to complete or advance their education, or to provide job and work related skills that will prepare youth for the rapidly changing labor market.

DOL programs addressing the outcome goal of "assisting youth in making the transition to work" are the JTPA Title II-C Youth Training Grants; the Job Corps program, the School-to-Work initiative; and the Youth Opportunity Areas program.

## JTPA TITLE II-C PROGRAM

During PY 1997, ending June 30, 1998, approximately \$ 126.7 million in Federal funds were distributed to State governments to provide training and other services to economically disadvantaged youth. By law, States retain 18 % of the Youth funds for Statewide activities, and distribute the balance to the 640+ Service Delivery Areas (SDAs). These programs offer basic skills and job training and support services.

The Entered Employment Rate for youth exiting from the JTPA Title II-C program in PY 1997 was 55%.

The performance goal for FY 1999 for the JTPA Title II-C Youth Training Grants program that will contribute to "assisting youth in making the transition to work" is for 77% of JTPA Title II-C terminees to be employed or obtain advanced education or job skills.

In the upcoming year, the Department will be developing a short-term strategy to maximize coordination among the current ETA programs serving out-of-school youth to effectively utilize shrinking resources and foster arrangements under proposed workforce development legislation. Special emphasis will also include placing youth into private sector employment or returning them back to school by employing a variety of approaches to job training, including on-the-job training, occupational training based on successful models, and work experience programs. Local areas will have discretion about the combinations of job training and job development strategies.

## **JOB CORPS**

The Department of Labor's Job Corps program is a highly intensive, primarily residential training program for severely disadvantaged youth aged 16 through 24. Enrollees are offered housing, food, medical care, education, vocational training and supportive services. The program prepares youth for stable, productive employment, and/or entrance into vocational and technical schools, junior colleges and other institutions for further education and training.

In PY 1997, \$1.154 billion was available to fund Job Corps centers; of this amount, a total of \$137.6 million was transferred to the Departments of Agriculture and Interior to operate 18 and 10 Job Corps Centers, respectively.

Job Corps utilizes a highly structured and integrated performance measurement system to drive the performance of its contractors toward meeting the program results which translate into positive outcomes for the students served by the program. In PY 1997, 80% of all Job Corps trainees either entered employment or pursued further education. The average starting wage of Job Corps students who entered employment was \$6.58 per hour. The PY 1997 performance compares favorably with the PY 1995 baseline for Job Corps which established that 75% of Job Corps terminees got jobs or pursued education and that for those with jobs, the average wage was \$5.98.

The performance goal for FY 1999 for the Job Corps program which support the Secretary's broad goal for a Prepared Workforce is that 75% of Job Corps trainees would obtain employment or advanced education upon leaving the program, and those obtaining jobs would have an average starting wage of \$6.50 per hour.

For FY 1999, DOL is committed to increasing employer connections with Job Corps students through offers of customized training, use of mentors and job shadowing, and provision of work-based learning sites. Increasing students' use of technology in training and in information access for jobs or further education is another area of emphasis in the upcoming year.

## SCHOOL-TO-WORK (SAW) INITIATIVE

The School-to-Work Opportunities Act established a national framework within which all States can create statewide School-to-Work Opportunities systems for students throughout the country to participate in a performance-based education and training program that prepares them for high-skill, high-wage careers. The SAW initiative provides venture capital to support States in building a SAW system.

In FY 1998, the SAW initiative was funded at \$200 million through the Department of Labor and \$200 million through the Department of Education. As of September 30, 1998, all 50 States, the District of Columbia and Puerto Rico have been awarded multi-year School-to-Work grants to implement SAW systems that comply with the criteria embodied in the SAW legislation. School-to-Work Progress Measures Data reveal that for PY 1996, ending June 30, 1997 (the most recent available data), 1,265,549 secondary school students were participating in SAW programs – activities that integrate academic and vocational/work-related curriculum. This performance exceeded the baseline of 700,000 students engaged in SAW activities in PY 1995.

The performance goal for FY 1999 for the School-to-Work initiative that will contribute to "assisting youth in making the transition to work" is to engage 1.5 million youth in School-to-Work activities.

Since the inception of this program, this Department has been working closely with the U.S. Department of Education to provide assistance State and local partnerships and expand the participation of employers by working with the National Employer Leadership Council and other groups. In FY 1999, the two Departments will be focusing on five key areas: (1) Risk Management including intensive site visits to all SAW grantees; (2) providing and facilitating the provision of in-depth technical assistance; (3) ensuring sustainability of investments; (4) benchmarking performance; and (5) developing public outreach strategies, particularly ones that are targeted to parents. A significant amount of staff time will be devoted to assisting grantee efforts to increase employer involvement in SAW and to conduct outreach activities to out-of-school youth. Investments will also be targeted to strengthening the linkages between SAW and other Federal initiatives such as welfare reform and One-Stop Career Centers. Additionally, the electronic America's Career Kit software (AJB, ATB, ACIN, Learning Exchange and O\*NET) will be customized to support the special needs of the out-of-school youth population.

## YOUTH OPPORTUNITY AREAS PROGRAM

The Youth Opportunity Program is a Secretarial initiative under Title IV-D of JTPA scheduled to begin in 1999. It is anticipated that 15 to 20 grants will be awarded in the first quarter of PY 1999 in an effort to reduce the pervasive joblessness of youth in high poverty areas and to close the employment gap between minority and other youth. Technical assistance and evaluation will also be integral parts of this broadly-based initiative.

The performance goal established for FY 1999 for the Youth Opportunities program to contribute to "assisting youth in making the transition to work" is for 25,000 youth to be served in Youth Opportunity Areas during the initial year of program operations. Since FY 1999 will be the first year of operation of

the Youth Opportunity Area program, there is no related data for establishing a baseline; and it is anticipated that FY 1999 performance will be used to establish a baseline for out years.

## OUTCOME GOAL 1.3 -- TO PROVIDE INFORMATION AND TOOLS ABOUT WORK

The One-Stop Career Centers are designed to transform a fragmented array of employment and training programs into an integrated and information-rich service delivery system. One-Stop transformation means that individual offices offer all the business lines or core services to its customers (i.e., labor exchange services, income maintenance, job search assistance, individual intensive services, training and labor market information). DOL also plans to make efforts to ensure that women, mostly mothers who are on public assistance transition successfully into the workplace by increasing the availability of information to working women, employers, and public and private organizations to assist them in developing the most efficient workforce development initiatives.

#### EMPLOYMENT SERVICE PROGRAM

The Employment Service program seeks to match individuals seeking employment with employers seeking workers. It is funded primarily through Federal unemployment taxes paid into the Unemployment Trust Fund. The fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam operate Employment Service (ES) programs under the authority of the Wagner-Peyser Act, as amended in the Workforce Investment Act of 1998. State Employment Services also administer programs such as the Alien Labor Certification program and the Work Opportunity Tax Credit through reimbursement agreements with the Department of Labor.

In PY 1997, States received \$761.7 million for ES operations. This funding level remained unchanged from PY 1996.

During PY 1997, the number of individuals entering employment increased by 1.1% to 3.3 million. The number of applicants seeking employment services fell to 17.8 million in PY 1997 from 18.4 million in PY 1996. This is likely due to a tight labor market, nationwide, and greater use of America's Job Bank by individuals.

Employers posted significantly more jobs with the States' ES offices in PY 1997 than in the previous program year, increasing by 8.6% to 6.5 million. The Electronic Labor Exchange is becoming an increasingly important part of the labor exchange system, with employers listing 1,585,145 jobs on America's Job Bank via the Internet during PY 1997. The total of 8.1 million job postings is an increase of 15.7% over the PY 1996/FY 1997 baseline of 7 million jobs.

Performance goals for FY 1999 for the Employment Service program that will contribute to "providing information and tools about work" are:

- to increase the number of individuals entering employment after receiving labor exchange services beyond registration by 1%, and
- to increase the number of total job openings listed with the public employment service by 20 %.

## **EMPLOYMENT SERVICE/ONE-STOP CAREER CENTERS**

The ES/One Stop system is designed to transform a fragmented array of employment and training programs into an integrated information-job service delivery system, a basic component of the evolving workforce investment system. One-Stop transformation means that individual offices offer all the business lines or "core services" to their customers. Under WIA, this One-Stop service delivery will unify numerous training, education and employment programs into a single, customer-friendly system. The Department views the One-Stop and America's Labor Market Information System (ALMIS) investments as critical contributions to the early success of the implementation of the Workforce Investment Act.

The budget for One-Stop Career Centers and America's Labor Market Information System (ALMIS) for PY 1998 was \$150 million.

All States have now been awarded One-Stop implementation grants. As of September 30, 1998, there were 1,000 operational One-Stop Career Centers.

For FY 1999, a performance goal for the Employment Service/One-Stop Career Centers system that supports the goal of "providing information and tools about work" is to increase the number of operational One-Stop Career Centers to 1,000 (40 % of local ES and JTPA, SDA offices.)

Data shows the goal of operating 1,000 One-Stop Career Centers was met in PY 1998. A reporting system is currently being designed to address the *percentage* of local ES and JTPA SDA offices operating One-Stops in the upcoming program year.

In the new Workforce Investment system, each local area is required to establish a One-Stop delivery system to provide customers with information about and access to job training, education and employment services at a single neighborhood location. Therefore, this goal will be revised for FY 2000.

# OUTCOME GOAL 1.4 -- TO PROVIDE INFORMATION AND ANALYSIS ON THE U.S. ECONOMY

The Department s Bureau of Labor Statistics data plays a large and important role in the development of other Federal statistics including the Gross Domestic Product and other key economic indicators. The Congress, President, Federal Reserve Board, and other executive branch agencies use these statistics in determining national economic policy. BLS data are also used by industry and labor in economic planning and collective bargaining and by other public and private institutions in a variety of planning and analytical activities. In addition, BLS data directly affect the economy. For example, the Consumer Price Index is used to adjust Social Security and Federal civilian and military retirement payments.

## **EMPLOYMENT AND UNEMPLOYMENT STATISTICS**

The goal of the Employment and Unemployment Statistics program is to analyze and publish accurate data on the labor force, employment and unemployment, and persons not in the labor force; labor market developments; characteristics of special worker groups, including displaced workers; and detailed employment and wage data by occupation and industry. The Employment and Unemployment Statistics program also maintains an up-to-date "universe" file of establishments covered by the State Unemployment Insurance system, which the Department of Labor uses to select samples for its establishment-based surveys.

In 1998, the Current Employment Statistics (CES) program completed the first year of a production test designed to begin the implementation of an improved, probability-based sample design and estimation formulas. The new design, which will be phased in for publication purposes over the next several years, will improve the reliability of the employment, hours, and earnings estimates from the CES.

The Department of Labor continued implementing the standard industrial classification revision known as the North American Industry Classification System (NAICS).

#### PRICES AND LIVING CONDITIONS

The goals of the Prices and Living Conditions programs are to develop and to publish comprehensive measures of price change in retail and primary markets, and to conduct research to improve the measurement process. The data provide the essential elements to analyze price behavior and interpret price change throughout the U.S. economy. In 1998, the BLS continued work on five major projects in the seven-year revision of the Consumer Price Index.

#### COMPENSATION AND WORKING CONDITIONS

The goals of the Compensation and Working Conditions program are: to study employee compensation using a broad range of data on workers' wages and salaries in many occupations, industries, and geographic areas; to develop information on employee benefits and the costs employers incur in providing those benefits; to compile statistics on the occurrence of work-related occupational injuries and illnesses; and to publish data on collective bargaining and labor management relations.

In 1998, considerable progress was made toward the goal of integrating three existing compensation surveys — the Occupational Compensation Survey Program, the Employment Cost Index, and the Employee Benefits Survey — into a single survey program, the National Compensation Survey (NCS).

## PRODUCTIVITY AND TECHNOLOGY

The goals of the Productivity and Technology program are, in the domestic area, to measure and analyze productivity trends in major sectors of the economy and in individual industries; and, in the international area, to develop comparable measures of productivity, labor force, employment and unemployment, hourly compensation costs, and other economic indicators for selected countries.

## **EMPLOYMENT PROJECTIONS**

The goals of the Employment Projections program are to develop information about the labor market 10 years into the future, including labor force trends by sex, race, and age; employment trends by industry and occupation; and the implications of these trends on employment opportunities and education and training needs for youth and other specific groups in the population.

In 1998, the Department of Labor completed and published 1996-2006 projections of the labor force, economic trends, and employment by industry and occupation. The 1998-1999 editions of the Occupational Outlook Handbook and the Career Guide to Industries were also completed and published.

# DOL STRATEGIC GOAL 2: A SECURE WORKFORCE

Promote the Economic Security of Workers and Families

## Introduction

The Secretary of Labor's key priorities for this strategic goal are to increase compliance with minimum wage and overtime requirements, enable working Americans to be economically secure when they retire, provide more pensions for women and employees of small businesses, provide better access to health care, and facilitate community readjustment in those areas suffering from economic change by shortening periods of unemployment and increasing full-time jobs and wage replacement.

This goal is supported by programs of the Pension Welfare and Benefits Administration (PWBA), the Pension Benefit Guaranty Corporation (PBGC), the Employment and Training Administration's Unemployment Compensation programs, Trade Adjustment Assistance and North American Free Trade Agreement (TAA/NAFTA) programs, Job Training Partnership Act (JTPA) Dislocated Worker Assistance, the Office of the Inspector General, the Office of the Solicitor of Labor, and the Employment Standards Administration's Wage and Hour Division, Office of Workers' Compensation Programs, and Office of Labor Management Programs.

## **OUTCOME GOAL 2.1-- INCREASE COMPLIANCE WITH WORKER PROTECTION LAWS**

DOL is committed to protecting the worker's hours, wages, and other conditions when on the job including enforcement and compliance activities designed to deter and correct violations of relevant statutes; to investigate and refer criminal violations to prosecutorial authorities, and ensure that annual reports are filed timely and accurately, and audits of employee benefit plans comply with professional standards

#### WAGE AND HOUR ENFORCEMENT

The Wage and Hour Division's overall compliance program balances public education and outreach with enforcement efforts using a variety of techniques. In the last several years, Wage and Hour has increased the proportion of compliance efforts in "directed" or "targeted" investigations – as opposed to complaint-based investigations – from approximately 25 to 30 percent. Targeted (i.e., non-complaint) investigations are used principally to promote compliance and deter and remedy violations in predominately low-wage industries (or industries which have low-wage occupations) – such as agriculture, garment, guard and janitorial services, restaurants, hotels/motels, day-haul, and health care – because violations are more often egregious and complaints less common in these areas

Several strategies are utilized to focus program efforts on achieving these Departmental and supporting program goals: (1) Establish compliance baselines with labor standards laws and regulations in the poultry processing and residential health care industry; (2) Increase compliance in the Los Angeles garment industry to 55%; (3) Improve compliance rates among employers subject to repeat investigations in

targeted residential health care and garment industries; and, (4) Establish baseline of valid complaints regarding the accuracy of wage determination rates on the four types of construction covered by the Davis-Bacon Act. Broadly described, the strategies to achieve these goals include, but are not limited to:

- establishing compliance baselines in selected low-wage industries through compliance surveys and re-surveys over a two or three year cycle to determine if education/outreach and enforcement strategies and interventions are improving compliance and reducing recidivism;
- developing public and private partnerships to leverage action by others to promote corporate-wide compliance;
- active litigation and, where possible, criminal prosecution of egregious violators;
- reengineering the Davis-Bacon wage survey/determination system to obtain more appropriate sources(s) for and improved accuracy of wage data; and,
- providing information to employers concerning their responsibilities, and to workers concerning their rights under the laws administered by Wage and Hour.

#### PERFORMANCE MEASURES

Establish compliance baselines with labor standards laws and regulations in the poultry processing and residential health care industry.

Wage and Hour conducted a baseline compliance survey in the poultry processing industry, which established a 40 % compliance rate. Preliminary results of the health care baseline survey of assisted-living facilities completed in the fourth quarter of FY 1997 indicate a 56 % compliance rate. This rate may change somewhat as the results of the survey are analyzed in more detail.

<u>Increase compliance in the Los Angeles garment industry to 55 %.</u>

The baseline compliance rate for the garment manufacturing industry in Los Angeles was determined to be 22 % in FY 1994. This industry was surveyed again in FY 1996, finding that the rate of compliance had increased by 17 percentage points, to 39 %. Although there was a considerable increase in compliance between FY 1994 and FY 1996, the FY 1998 survey showed compliance remained at 39 %. In October 1998, the Department announced enhancements to its multi-prong "No Sweat" strategy aimed to improve the level of compliance in the Nation's garment industry.

<u>Improve compliance rates among employers subject to repeat investigations in targeted residential health</u> care and garment industries.

The residential health care compliance survey completed in FY 1998, shows that 60 % of the residential care facilities previously found in violation and reinvestigated were in compliance, a substantial improvement in compliance, but a 40 % recidivism rate.

The 1998 compliance survey of the Los Angeles garment industry found that only 25 % of the garment shops previously found in violation and reinvestigated were in compliance – a 75 % recidivism rate. During FY 1998, reinvestigations of garment contractor shops included in strike forces nationwide found a 71 % compliance rate compared to a 53 % baseline compliance rate set in FY 1997.

Establish baseline of valid complaints regarding the accuracy of wage determination rates on the four types of construction covered by the Davis-Bacon Act.

During FY 1998, there were no valid complaints regarding the accuracy of wage determination rates on the four types of construction covered by the Davis Bacon Act. As the reengineering of the Davis-Bacon wage determination process becomes operational, Wage and Hour will, in conformance with its strategic plan, measure the accuracy and timeliness of wage determinations.

#### PENSION AND WELFARE BENEFIT PROGRAMS

#### FY 1998 GPRA IMPLEMENTATION AND ACCOMPLISHMENTS

The Department's Pension and Welfare Benefits programs have four goals in support of the Department's plan: (1) deter and correct violations of the relevant statutes; (2) facilitate compliance; (3) assist workers in understanding their rights and protecting their benefits; and (4) encourage the growth of employment-based benefits.

FY 1999 is the first year for reporting against specific GPRA performance measures. During FY 1998 baselines were determined for certain measures. For other performance measures there was no baseline against which to measure FY 1998 performance. Nevertheless, for some measures, reporting of FY 1998 accomplishments is possible. For example, it can be reported that, during FY 1998, all individual exemption applications and the majority of advisory opinion and technical guidance requests received were acknowledged and assigned to a staff analyst within 14 days; and, with the exception of one case, all applicants for exemptions were contacted within 30 days of assignment. All requests for opinions and guidance were provided a response within an average of 180 days.

#### PERFORMANCE MEASURES

For the following program measures, baseline data has been compiled which indicates that FY 1998 performance met or exceeded the standards established in the following performance goals:

- Respond within an average of 10 working days to all requests for plan documents, annual reports and other information maintained for public disclosure.
- Provide timely assistance to participants and beneficiaries (85% within 30 days for written requests and 99% by close of business the next day for telephone requests).
- Provide policy and technical assistance to the Office of the Solicitor necessary to the development of Amicus curiae briefs within 10 days of the request date.

- Increase by 2.5% per year the number of closed investigations of plans where assets are restored and where prohibited transactions are reversed.
- Increase by 2.5% per year the number of fiduciary investigations closed where plan assets are protected from mismanagement and risk of future loss is reduced.
- Increase by .25% per year the ratio of closed civil cases with corrected violations to total civil cases closed.
- Increase by .25% per year the ratio of criminal cases referred for prosecution to United States Attorneys or to State prosecutors to total criminal cases.

Further, the important qualitative goal "to conduct research responsive to developing issues" was met by undertaking studies on retirement savings behavior, the small group health insurance market, and ERISA remedies or liability reform.

With regard to ongoing program measures, program accomplishments are consistent with output in prior years, showing increases and decreases within a normal range of activity.

During FY 1998, the National Office and field offices for the Department's Pension and Welfare Benefits programs assessed civil penalties more than \$13.9 million. The civil penalty assessment program was established in FY 1991 under provisions of the Employee Retirement and Income Security Act (ERISA), sections 502(c)(2), 502(I), and 502(1). Collections of assessed penalties for the past five years, including interest and other charges, are as follows:

FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
\$1,285,000	\$5,463,000	\$13,142,000	\$11,285,000	\$12,384,000

The program-specific measure of civil cases opened increased for the fifth consecutive year to 5,858 cases, up from 2,329 in FY 1994. In FY 1998, the number of civil cases referred for litigation increased to 164, compared to 128 in the prior year. Assistance to participants markedly increased benefit recoveries for plan participants to \$42 million compared to \$27.9 million in FY 1997 and \$14 million in FY 1994.

The outputs for exemptions issued and monetary assets restored to benefit plans, however, declined. The exemption program facilitates meritorious investment transactions for pension plans which would otherwise be prohibited under ERISA. During FY 1998, approximately 35 of the 190 exemption cases that were closed were highly complex, requiring careful attention to develop appropriate safeguards and conditions to address any potential conflicts of interest. Some of these cases were well over one year old. Continuing to eliminate the more complex cases from the inventory is a necessary step which will hopefully yield results in reduced average processing time for the coming years. Regarding the decrease in monetary assets restored to benefit plans, in FY 1998 the Department of Labor closed more cases with fiduciary results than in any of the previous five fiscal years while total monetary recoveries decreased. This is consistent with a major commitment in our enforcement strategy, which is to look into every complaint we receive about 401 (k) plans. As a general rule, investigations of 401 (k) plans resulted in smaller monetary recoveries compared to the other types of investigations which we conducted in previous fiscal years. In summary, the policy was that it was important to provide oversight to these plans, although the return is not as great as with other types of investigations.

## **LABOR-MANAGEMENT STANDARDS**

Under the Government Performance and Results Act (GPRA), the Department monitors its performance in enforcing provisions of the Labor-Management Standards Act against several goals critical to its statutory mission. For FY 1998, these performance goals were to ensure that: (1) 84 % of annual financial reports required from unions with annual receipts over \$200,000 were timely filed, processed, and made available for public disclosure; (2) a significant percentage would rate the public disclosure services good to excellent (baseline performance data to be established by customer survey in FY 1998); and (3) 100 % of employee protection certifications for the release of grant funds would be completed within 60 days of referral.

#### PERFORMANCE MEASURES

Eighty-four percent of annual financial reports required from unions with annual receipts of over \$200,000 will be timely filed, processed, and made available for public disclosure.

The goal was substantially achieved in FY 1998. Among unions with receipts over \$200,000 required to file Labor Management Reporting and Disclosure Act (LMRDA) annual financial reports, 83.4 % filed on time, an improvement over the 79.4 % timely filing rate in FY 1997. To further improve results and meet the FY 1999 objective of an 85 % timely filing rate, the Department will continue compliance assistance and liaison efforts to promote timely reporting compliance. These efforts will include an initiative that focuses on unions whose reports were delinquent in the prior year and special liaison contacts with international unions to seek their assistance in securing timely reporting compliance by affiliates.

<u>Customer Service</u>. More than 96 % of customers surveyed rated LMRDA public disclosure services good to excellent, establishing a very high performance benchmark for the future and providing public comment that will be used to improve performance where needed.

One hundred percent of employee protection certifications for the release of grant funds will be completed within 60 days of referral.

Under the Transportation Equity Act program, 98 % of employee protection certifications were completed within the established 60-day time frame, all but 23 of the 994 certifications issued. Those not completed within 60 days were delayed because of case complexity and workload factors. Certifications issued were issued within an average of 22 days in FY 1998. Even at this high level of performance, which ensures expeditious handling of urban mass transit employee protections certifications, it is recognized that attainment of the 100 % performance level may be impractical. This goal is under review for the future.

The Department's strategies to improve performance against these goals for FY 1999 and beyond include focused enforcement and compliance assistance objectives, as well as initiatives to improve the efficiency and effectiveness of program implementation.

## **OUTCOME GOAL 2.2 -- TO PROTECT WORKER BENEFITS**

DOL plays a large role in ensuring that worker benefits are protected and that employers administer benefit programs in an appropriate way. Worker benefits include: unemployment insurance, which provides temporary income to individuals who lose their jobs; support for dislocated workers who lose

their jobs due to downsizing, layoffs, natural disasters, or international trade issues; health and pension benefit programs administered according to relevant statutes; and payment of benefits from DOL administered pension plans.

#### UNEMPLOYMENT INSURANCE

The Department's Unemployment Insurance (UI) program establishes the first economic line of defense for workers who lose their jobs through no fault of their own. Authorized by the Social Security Act of 1935, UI was created as a means to alleviate personal hardship due to involuntary unemployment and to stabilize the economy.

The UI system is a unique Federal-State partnership based on Federal law but executed through State law by State officials. It is funded through employer taxes that are maintained in the Unemployment Trust Fund. Basic benefits for unemployment compensation are financed by State taxes on employer payrolls, while Federal agencies finance benefits for the unemployment compensation programs for ex-federal workers (UCFE) and ex-service members (UCX). Program administration expenses are financed through the collection of Federal Unemployment Tax Act (FUTA) taxes by the Internal Revenue Service. During FY 1998, a total of \$2.480 billion was provided to the State Employment Security Agencies (SESAs) for State administration. During this period, 7.3 million beneficiaries qualified for weeks compensated amounting to \$19.821 billion.

Claimants for UI benefits are provided services by 53 SESAs through the operation of approximately 1,700 local UI claims offices and 20 call centers. The SESAs are responsible for both the payment of UI benefits and the collection of UI taxes from all liable/subject employers.

The SESAs are also responsible for meeting performance standards set by the Secretary of Labor in two areas: first payment timeliness of UI benefits and decision promptness of UI appeals. The Secretary's standards are:

- 87% of initial *intrastate* payments will be made within 14 days of the first compensable week ending date in States with a waiting period and within 21 days in States without a waiting period.
- 70% of initial *interstate* payments will be made within 14 days of the first compensable week ending date in States with a waiting period, and within 21 days in States without a waiting period.
- 60% of lower authority appeals decisions will be rendered within 30 days and 80% within 45 days.

The FY 1998 SESA performance data in these areas are: 90.3% for intrastate payments; 79.0% for interstate payments; 67.4% of lower authority appeals decisions rendered within 30 days; and 85.2% within 45 days.

FY 1998 performance data also measured the national Average Weekly Benefit Amounts (AWBA) received by all claimants for regular State UI, UCFE, and UCX. The AWBA was \$193 in FY 1998.

In keeping with the goal of "protecting worker benefits," the performance goals for FY 1999 for the UI program are (a) to meet or exceed the Secretary s Standards for promptness in paying worker claims for Unemployment Insurance and deciding appeals, and (b) that the Average Weekly Benefit Amount (AWBA) in UI will be \$199 by the end of FY 1999.

All facets of the measures of the Secretary's Standards are scheduled to be validated through the UI Data Validation program, starting in FY 2000. With reference to performance goal (b) mentioned above, the Department's objective is to persuade the SESAs to raise the AWBA and, thereby, replace a higher percentage of beneficiaries' wages.

## **WORKERS' COMPENSATION PROGRAMS**

The Department of Labor administers three primary disability compensation programs that provide benefits to certain workers who experience work-related injury or disease, and survivors of employees who die from job-related injuries or diseases. Compensation for most private-sector workers suffering job-related injuries is administered by state agencies. In FY 1998, the Department issued compensation payments of more than \$2.5 billion in medical and wage-loss benefits to nearly 314,000 workers who had been hurt or became ill on the job or to the survivors of those who died.

These disability programs provide timely benefits for covered miners, longshore workers and Federal employees, and effective intervention for injured Federal employees to enable them to recover to the full extent possible. The Department also manages benefit funds from which employee benefits are paid ensuring the funding will be available for eligible employees.

The following program-based and Departmental level performance goals set specific achievement levels to be reached by the Year 2002: (1) Return employees to work following a work injury as early as appropriate, as measured by a reduction in the average number of lost production days of injured Federal employees covered under the Federal Employees' Compensation Act (FECA) by 4 %; (2) Reduce amount paid for FECA medical services by 4 %; (3) Produce \$40 million in FECA compensation benefit savings through Periodic Roll Management (PRM) reviews; (4) Provide the same level of service to Part B beneficiaries that Part C beneficiaries currently receive by processing 95 % of Part B maintenance actions within 30 days; (5) Increase customer satisfaction with FECA and Longshore services by 10 %; (6) Increase timeliness of new FECA claims filing by employing agencies by 16 percentage points; and (7) Increase the quality of FECA claims adjudication by 8 percentage points.

Strategies to achieve these goals include swift, clear decisions; cutting paperwork and procedural "steps"; reaching out to the customer with needed services; working effectively with employers and others to get injured workers back on the job; continuing the involvement of all employees in the achievement of these outcomes; and, upgraded technology, "paperless" claims and benefit processing. All these lead to a better level of services for workers and lessened compensation costs for employers.

## FEDERAL EMPLOYEES' COMPENSATION ACT (FECA)

The Federal Employees' Compensation Act (FECA) affords income and medical-cost protection for jobrelated injuries, diseases or deaths of civilian employees of the Federal government and certain other groups. Benefits are charged back to Federal employers who pay from funds appropriated in their annual budgets or from operating revenues. In FY 1998, FECA received 165,000 Federal employee injury reports. Of this number, most were adjudicated timely—95.9 % of traumatic injuries within 45 days, and 92 % of the non-traumatic injury cases within 180 days. Reducing lost production days (LPD) is FECA's most important goal. This goal promotes Federal workforce security. Its objective is to reduce disability due to work injury through better medical care, active intervention to return injured workers to work, and more efficient, less resource-intensive claims operations. DOL has proposed as a joint OSHA/ESA-OWCP effort, a Presidential Initiative called Federal Worker 2000. The goals will include reducing injuries and speeding reports of injuries that do occur, lowering injury rates in high incidence work sites, and lowering the lost production days average. The latter measure will cover all injuries. FECA plans to establish a baseline for measuring all disability cases in FY 2000, in cooperation with all Federal employing agencies.

In FY 1998, the FECA program continued the Periodic Roll Management Project (PRM) which was aimed at quality management of the disability roll, improvement in service to long-term disabled beneficiaries, rehabilitation and reemployment of the partially disabled and adjustment of benefits to accurately reflect eligibility. PRM project teams in eight district offices screened 4,500 long-term cases, bringing the total count of cases screened since April 1992 to 44,800. By the end of FY 1998, 31 % of those cases had benefits adjusted or terminated; cumulative savings from these actions between FY 1992 and FY 1998 totaled \$317 million. PRM will be expanded and integrated into permanent FECA operations in FY 1999.

Use of a medical fee schedule has been successful in controlling physician and other non-inpatient medical costs. In FY 1997, for example, the program reduced medical provider bills by \$87 million using the fee schedule. Savings in FY 1998 were approximately \$112 million. Regulations are nearing publication which would apply a fee schedule to pharmacy bills and to regulate hospital inpatient services using the Diagnostic Related Group (DRG) approach adopted by HHS for Medicare bills. Rising costs in the latter category have been the chief source of the recent overall increase in medical payments in the FECA program.

The Department continues to emphasize customer service and program responsiveness. Some manual processes are being replaced by Electronic Data Interchange (EDI), including electronic receipt and processing of pharmacy (and soon hospital) bills, and soon injury reports and claims documentation. Information is being more efficiently provided by electronic means. The Automated Query System (AQS) enables Federal agencies to get information on their employees' claims. Our Interactive Voice Response (IVR) systems save staff time by accurately directing telephone callers and providing basic information. Manual work will be reduced further in the future as document imaging technology converts paper case files to electronic form. Further, proposed regulations will cut red tape and eliminate unnecessary steps.

Another goal focuses on FECA's partnership relationship with the Federal employers and their role in providing services to their injured employees by improving the timeliness of new injury claims filing. Prompt injury reporting supports lost production days reduction and customer service improvement goals by speeding case processing and intervention by nurses so that injury recovery and return to work will occur sooner.

The quality of claims decisions goal strengthens program integrity and service delivery. Expressed as a Quality Index score based upon the results of program accountability reviews, this indicator measures the accuracy of claims decisions affecting basic entitlement to benefits.

## LONGSHORE AND HARBOR WORKERS COMPENSATION

The Longshore and Harbor Workers' Compensation Act provides medical benefits, compensation for lost-wages and rehabilitation services for job-related injuries, diseases or death of private-sector workers in certain maritime and related employment. Benefits are paid directly from private funds by an authorized self-insured employer or through an authorized insurance carrier. In certain cases, benefits are paid from a special fund composed primarily of employer contributions and administered by the Department. In calendar year 1997, about 91,000 maritime workers or their survivors received benefits from employers. In FY 1998, 6,742 workers received compensation benefits from the Longshore Special Fund. The Longshore program is committed to increasing customer satisfaction with its services as part of the GPRA strategic planning effort. Customer survey results in FY 1997 provided a satisfaction baseline of 67 %.

#### **BLACK LUNG BENEFITS PROGRAM**

The Black Lung Benefits program provides monetary compensation and medical and survivor benefits to coal miners who are totally disabled by pneumoconiosis caused by their employment. When no responsible mine operator can be assigned liability, or when coal mine employment ceased before 1970, benefits are paid from the Black Lung Disability Trust Fund.

Trust Fund revenues consist of monies collected from the coal mine industry in the form of an excise tax on mined coal that is sold; funds collected from responsible mine operators for monies they owe the Trust Fund; payments from various fines, penalties and interest; refunds collected from claimants and beneficiaries for overpayments; and repayable advances obtained from Treasury's general fund when Trust Fund expenses exceed revenues. While revenues from excise taxes and repayments from operators and claimants have been sufficient to cover benefit and operating costs in recent years, the Trust Fund debt continues to grow as advances from the general fund are needed to pay the interest on past loans. The beginning cash balance as of October 1, 1997 was \$4,468,914.65. During the year, in addition to paying tax revenue, \$370,000,000 in general fund advances was required in order to pay the \$494,726,249.67 interest due on repayable advances, bringing the Trust Fund debt to a total of \$5,856,556.899.11. After the fund had met its obligations, the remaining case balance as of September 30, 1998 was \$19,561,316.32.

In FY 1998, the Black Lung Benefits program provided monthly benefits to 58,320 Part C beneficiaries while 12,861 Part C beneficiaries received medical benefits only. In addition, the program assumed administrative responsibility for Part B claims from the Social Security Administration as part of an effort to streamline and consolidate black lung claims handling within a single agency. As of September 30, 1998, the program was performing maintenance actions on approximately 95,000 active Part B beneficiaries. The Part B maintenance actions Strategic Plan goal reflects the program's determination to provide quality service to both its Part B and Part C beneficiaries.

## **OUTCOME GOAL 2.3-- TO PROVIDE WORKER RETRAINING**

DOL will continue to improve the level and quality of employment and earnings outcomes for dislocated workers by using discretionary grant awards to leverage improvements in quality service standards and outcomes in all program activities, integrating all available funding sources, including continued expansion of the joint enrollment in both dislocated worker and. trade adjustment programs, and ensuring early intervention assistance and the timely submission and processing of requests for funding.

Programs addressing the outcome goal of "providing worker retraining" are the Job Training and Partnership Act (JTPA) Title III program, the Trade Adjustment Assistance (TAA) program, and the North American Free Trade Agreement-Transitional Adjustment Assistance (NAFTA-TAA) program

## JOB TRAINING AND PARTNERSHIP ACT (JTPA) TITLE III PROGRAM

The dislocated worker program seeks to maximize placement and wage replacement through community adjustment and retraining activities. Funding for the dislocated worker program for PY 1997 was \$1.286 billion.

Eighty percent of the appropriation for the dislocated worker program under Title III of the JTPA is provided to States through formula-funded block grants. The remainder of the funds are awarded to States, on an as needed basis, to enable them to respond to specific dislocation events, which they could not address with their existing resources. These funds are used to provide training and reemployment assistance to dislocated workers – those losing jobs through plant closings and mass layoffs – and to unemployed individuals with little prospect of returning to their previous occupations.

An estimated 614,000 dislocated workers were served in PY 1997 up from 548,830 in PY 1996. Performance results for PY 1997 showed that 73% of program terminees were employed (entered employment rate) at an average wage replacement rate of 98%. One quarter after program exit, 72% of program terminees were employed at an average replacement rate of 102%.

The performance goal for FY 1999 for the JTPA Title III dislocated worker program that will contribute to "providing worker retraining" is for 74% of program terminees to be employed at an average wage replacement rate of 93% at termination; and for 76% of program terminees to be employed one quarter after program exit at an average wage replacement rate of 97%.

# TRADE ADJUSTMENT ASSISTANCE (TAA) AND NORTH AMERICAN FREE TRADE AGREEMENT-TRANSITIONAL ADJUSTMENT ASSISTANCE (NAFTA-TAA)

Trade Adjustment Assistance provides readjustment services and benefits for workers whose dislocations are related to imports. These services and benefits include occupational and remedial training, job search assistance, relocation assistance, and income support for workers in approved training.

In FY 1998, \$96.7 million was provided to States for TAA training, job search and relocation. This funding was used to enroll an estimated 19,390 workers in classroom or on-the-job training and to provide job search assistance to an estimated 316 workers and relocation allowances to an estimated 524 workers. An additional \$30.0 million was provided for similar assistance under the North American Free Trade Agreement-Transitional Adjustment Assistance program, primarily to enroll an estimated 3,000 workers in classroom or on-the-job training. Additionally, \$174.7 million in Trade Readjustment Allowance benefits and \$20.9 million in NAFTA-TAA Readjustment Allowance benefits were provided to States in FY 1998.

No performance outcome data on employment of program terminees are available for FY 1998 for the TAA or NAFTA-TAA programs. The Office of Trade Adjustment Assistance has implemented a new performance measures and participant outcome data system which will measure and report on the outcomes achieved by TAA and NAFTA-TAA terminees and guide program improvement projects. Data from this new system will be reported in FY 1999.

The performance goal for FY 1999 for the TAA and NAFTA-TAA programs that will contribute to "providing worker retraining" is for 72% of program terminees of these programs to be employed.

## **DOL STRATEGIC GOAL 3:**

## **QUALITY WORKPLACES**

Foster Quality Workplaces that are Safe, Healthy, and Fair

## Introduction

The Secretary of Labor's key priorities for this strategic goal are to foster safe and healthy workplaces; influence international bodies addressing core labor standards and international child labor issues; increase the representation, advancement, and promotion of women, people of color, veterans, and the disabled in jobs; promote increased compliance with Family and Medical Leave Act requirements; and increase the number of workers with access to quality child care outside the family.

This goal is supported by these programs and Agencies: the Employment Standards Administration's Office of Federal Contract Compliance Programs (OFCCP), the Occupational Safety and Health Administration (OSHA), the Mine Safety and Health Administration (MSHA), and portions of the Departmental Management account, including the Bureau of International Labor Affairs (ILAB), the Women's Bureau (WB), the Employment and Training Administration's Bureau of Apprenticeship and Training, the Office of the Solicitor (SOL), and the Office of the Assistant Secretary for Administration and Management (OASAM).

## OUTCOME GOAL 3.1 -- REDUCE WORKPLACE INJURIES, ILLNESSES, AND FATALITIES

DOL will focus nation-wide attention on the most prevalent types of workplace injuries and illness, the most hazardous industries and the most hazardous workplaces, and address them through combined strategies of standards, enforcement and compliance and technical assistance activities. DOL is also committed to reducing mine-related accidents, injuries and fatalities, and to placing greater emphasis on health issues.

## MINE SAFETY AND HEALTH PROGRAMS

The Department of Labor in partnership with the American mining community, works to eliminate fatalities, reduce the frequency and severity of accidents, and minimize health hazards associated with the mining industry in accordance with the Federal Mine Safety and Health Act of 1977. The Mine Act requires inspection of every underground mine four times each year and all surface mines two times each year to determine compliance with federal safety and health standards.

## STRATEGIC GOALS

Mining Fatalit

The Mine Safety and Health Administration's (MSHA) enforcement of mine safety and health standards addresses two strategic goals: *Reduce injuries in the Nation s mines* and *Reduce miners overexposure to health hazards*— supported by performance objectives and enabling initiatives.

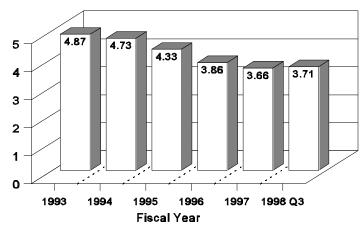
The first strategic goal, *Reduce injuries in the Nation s mines*, has these performance objectives:

- Reduce the number of coal mine and metal and nonmetal mine fatalities to below the average number recorded for the previous 5 years.
- Reduce mine industry injuries (nonfatal-days-lost incidence rate) to below the average number recorded for the previous 5 years for all mines.

Mine fatalities decreased from 101 in FY 1997 to 80 in FY 1998 and is the lowest figure ever recorded. It is well below the previous 5-year average of 95.8. In coal mines, there were 38 FY 1997 fatalities compared with 28 in FY 1998, and in metal and nonmetal mines there were 63 fatalities in FY 1997 compared with 52 fatalities in FY 1998.

For nonfatal-days-lost injuries, the incidence rate of 3.71 at the end of third quarter FY 1998 is well below

# Nonfatal-days-lost Injury Incidence Rate



the previous 5-year average of 4.29 (as well as being below the 5-year average for the end of third quarter rate of 4.26).

For coal mines the FY 1998 nonfatal-days-lost injury rate at the end of the third quarter was 5.14 compared with 6.15 for the previous 5-year average, and for metal and nonmetal mines, the end of third quarter FY 1998 rate of 2.95 is below the previous 5-year average of 3.20.

In FY 1998, MSHA's safety-related efforts included its mandated inspection program, safety alerts, special focus "safety sweeps," education and training programs, and technical support programs.

The second strategic goal, *Reduce miners* overexposure to health hazards, articulates the Department's increasing emphasis on the near and long-term medical health aspects and quality of life of the miner. Specific areas of concern, respirable dust and noise, were the focus in developing the following performance objectives:

• Reduce by 20% the percentage of samples out of compliance with the respirable coal mine dust standard.

- Reduce by 20% the percentage of samples in metal and nonmetal mines that are out of compliance with the silica standard for the highest risk occupations.
- Reduce by 20% the percentage of cases where the abatement time for silica over exposures exceeded 6 months in metal and nonmetal mines.
- Reduce by 20% the percentage of samples in metal and nonmetal mines out of compliance with the noise standard in the highest risk occupations.

A strong focus on respiratory hazards in coal mines is maintained through the Respirable Coal Mine Dust Program. Because operator dust samples may not be representative of the normal work environment to which miners are exposed, improvements to the existing sampling program are being sought. MSHA has ensured that dust samples are taken four times a year at each underground mine and twice annually at each surface mine, targeted problem mines for additional attention, conducted seminars in the coal fields to discuss health issues, and entered into an agreement with the National Institute for Occupational Safety and Health (NIOSH) to develop a personal dust monitor.

One technical advance to reduce miners' exposures to dust is through work on the machine-mounted continuous respirable dust monitors. Four of the commercially built units have been installed on production equipment in underground coal mines to test their accuracy and reliability in providing real-time exposure data to miners, operators, and inspectors. MSHA is continuing to press for the use of "single full-shift sampling" for checking dust concentrations in the working section of a mine.

MSHA has also continued to attack another debilitating illness of the respiratory system —silicosis—as a follow-on to the National Campaign to Eliminate Silicosis. The Agency has implemented a revised sampling directive for the metal and nonmetal sector targeting high risk mines. In order to get better data on the breadth and scope of the problem, a grace period has been provided to mine operators for the reporting of occupational illnesses of any type.

## OCCUPATIONAL SAFETY AND HEALTH

The Department of Labor is responsible for enforcing the Occupational Safety and Health Act of 1970 (Public Law 91-596). The OSH Act authorizes the agency to enforce safety and health standards through inspections of workplaces, and also to foster voluntary compliance by employers through onsite consultation, training, education and information services, partnerships, and Voluntary Protection Programs.

Departmental level performance goals addressing the area of Occupational Safety and Health include: to reduce three of the most prevalent types of workplace injuries and causes of illnesses (silica, lead and amputations) by 15 %; to reduce injuries and illnesses by 15 % in five high-hazard industries (construction, food processing, shipyards, logging and nursing homes); to decrease fatalities in the construction industry by 15 % by focusing on the four leading causes of fatalities (falls, struck-by, crushed-by, and electrocutions and electrical injuries); and, to reduce injuries and illnesses by 20 % in at least 100,000 workplaces where the Department's Occupational Safety and Health Administration initiates an intervention.

During FY 1998, progress has been made toward the goal of reducing injuries and illnesses at hazardous work sites by utilizing site-specific data obtained through the data initiative. OSHA has implemented an Interim Targeting Plan while its Cooperative Compliance Program (CCP) is stayed. Under this plan, a general industry targeting list of establishments in the top 100 SIC codes that are at or above their industry

average has been developed. This allows the agency to target both high-hazard establishments and industries.

OSHA has made further progress by establishing partnerships with professional organizations and labor unions within several of the targeted industries:

- The agency has entered into a five-year partnership with the United Food and Commercial Workers and ConAgra Refrigerated Foods to create "Culture Change Workshops" at nine ConAgra facilities. This partnership is a by-product of an ongoing corporate settlement agreement.
- In Colorado, a group of 38 steel erector contractors, prompted by high workers' compensation costs and increased OSHA inspections and penalties, formed the Steel Erectors' Safety Association of Colorado (SESAC) and established a partnership with OSHA. SESAC members agree to conduct self-inspections and to undergo initial and periodic inspections by a professional safety consultant, in exchange for focused OSHA inspections and reduced fines based on the effectiveness of a contractor's safety and health program. SESAC members receive reduced workers' compensation premiums, and have helped to establish a training school for steel erector employees.
- In Denver, the Homebuilders Association (HBA) and OSHA have established HomeSafe, which seeks to institute an effective safety and health program at 350 participating work sites. Participants implement a Ten Point Program based on OSHA and industry analysis of key hazards known to cause fatal or serious accidents in the Denver homebuilding industry.
- In the roofing industry, where improving safety and health is particularly difficult because of the short duration of many jobs, OSHA has established a partnership with the National Roofing Contractors' Association; the United Union of Roofers, Waterproofers and Allied Workers; CNA Insurance Company; and the National Safety Council. The 20 contractors in the Chicago area who have achieved "Premier Status" under this program are eligible for OSHA incentives such as focused inspections and no penalties for non-serious violations, and possible incentives from CNA Insurance Company.

## **OUTCOME GOAL 3.2 -- FOSTER EQUAL OPPORTUNITY WORKPLACES**

Equal pay, sexual harassment, limited advancement opportunities and the ever persistent wage gap are issues that remain as vital today as they were twenty or thirty years ago. DOL is committed to fostering workplaces that allow for equal opportunities for all working Americans including women, minorities, and veterans.

#### FEDERAL CONTRACT COMPLIANCE PROGRAMS

The Department's Office of Federal Contract Compliance Programs ensures full compliance by Federal contractors under Executive Order 11246, as amended, Title I of the Americans with Disabilities Act of 1990; section 503 of the Rehabilitation Act of 1973, as amended; 38 U.S.C. 4212, the Vietnam-Era Veterans Readjustment Assistance Act of 1974, as amended; 29 CFR Part 30 Equal Employment Opportunity in Apprenticeship and Training Programs; the Veterans Employment Opportunity Act of 1998; and certain enforcement responsibilities under the improved Immigration Law Enforcement Act of 1991. DOL is the only agency in the government which ensures employees of Federal contractors are protected by our strategy of education, outreach, awareness, and when necessary, enforcement of these laws.

A single Departmental goal assesses the Agency's performance in this area: Increase the number of contractors brought into compliance with the Equal Employment Opportunity provisions of federal contracts. The goal beneficially impacts the lives and families of applicants for employment. Those persons affected by compliance reviews can be assured that their employer abides by fundamental principles of quality and fairness in the hiring, promotion, and retention process. They can also be assured that their employer practices fairness in pay and pay equity issues.

In FY 1998, the Department's Office of Federal Contract Compliance Program (OFCCP) which administers the compliance programs, established, for GPRA purposes, baseline performance for this performance measure. The baseline for increasing the number of contractors brought into compliance was established at 2,702. "Contractors brought into compliance" is a measurement of data taken from nationwide OFCCP sources of action. These actions include the issuance and evaluation of Compliance Agreements, Letters of Commitment, settlement agreements, and other agreements. Also included are complaint investigations which result in any of the actions listed above.

## DEPARTMENTAL CIVIL RIGHTS PROGRAMS

The Department is in the process of refocusing its overall compliance enforcement efforts from the Job Training and Partnership Act to the recently enacted Workforce Investment Act. During FY 1999, DOL will issue final regulations implementing the non-discrimination provisions of Section 188 of the Workforce Investment Act (WIA).

## OUTCOME GOAL 3.3 -- SUPPORT A GREATER BALANCE BETWEEN WORK AND FAMILY

Increased demands placed on the workforce require that employers and employees alike successfully balance their work, family and community responsibilities. DOL is committed to increased access to affordable, quality child care and the provision of information on initiatives that improve workers ability to perform their job responsibilities without sacrificing their commitment to their parents and children.

## APPRENTICESHIP SERVICES

The Department's Bureau of Apprenticeship and Training (BAT) is promoting a national initiative that will improve the quality of the child care workforce, enhance a system for training and credentialing of child care providers throughout all States and Territories, and assist in the development of a voluntary set of nationally recognized skills standards for the Child Care Industry.

In FY 1997 and 1998, 19 States had child care apprenticeship programs. The number of child care apprentices in FY 1998 was 1,914.

In September 1998, the Bureau sponsored a Satellite Child Care conference with satellite downlinks in 46 States with over 100 sites. Participants at the satellite conference represented secondary and post secondary education, State and Local governmental agencies, community based organizations, and private employers from both the child care industry and the manufacturing sector.

The performance goal for FY 1999 for the Bureau of Apprenticeship and Training that contributes to "supporting a greater balance between work and family" is to increase the number of States with child care apprenticeship programs to 29 and increase the number of child care apprentices by 10%, to at least 2,114, by replicating the West Virginia and other successful child care models.

In cooperation with the Center for Career Development in Early Care and Education (at Wheelock College in Boston), BAT will be moving forward with efforts designed to foster the partnerships needed for implementation of a West Virginia and best practice model on a nationwide basis. During the first three quarters of FY 1999 BAT will, on a State by State basis, build a collaborative base by engaging stakeholders from the child care community and transforming them into a cohesive network of partners to utilize cross-cutting efforts to develop a statewide vision for this initiative. In addition, BAT will be partnering with the child care industry and community colleges to assist States in building the infrastructure, piloting enhanced training for micro enterprise development, and identifying best practice initiatives that serve as models for future replication.

#### WOMEN IN THE LABOR FORCE

The Department of Labor's Women's Bureau has placed significant emphasis on the expansion of family-friendly programs to America's workers. The Bureau is currently implementing a national initiative that will improve the availability, accessibility, and affordability of safe, high-quality child care to employees across the country. The challenge facing the business community, particularly small and mid-sized businesses, is how to meet the demands of employees who are also parents -- how to relieve them of the burden of being terribly concerned about their children while they are at work.

In implementing the Department of Labor's program, the Women's Bureau is reaching out to businesses to promote awareness among industry leaders that affordable and safe child care is a top concern for families and by connecting employers who have effective child care programs with other employers considering child care options for their workers.

The performance goal for FY 1999 for the Women's Bureau that contributes to "supporting a greater balance between work and family" is to increase the number of new employers by 50 percent or 420 (baseline 840) that implement policies, programs and/or practices for their employees.

The baseline established in FY 1997 is 840 employers. This is a voluntary program which relies on information provided by the employers. Impact will be measured through a follow-up OMB approved form specifically geared to employers who in turn can provide information on the number of employees impacted.

# OUTCOME GOAL 3.4 -- REDUCE EXPLOITATION OF CHILD LABOR AND ADDRESS CORE INTERNATIONAL LABOR STANDARDS ISSUES

DOL provides funding support for programs and initiatives related to international labor standards issues with a particular focus on funding international child labor-related program activities. Additional funding support, appropriated by Congress, is contributed to the International Program for the Elimination of Child Labor.

#### INTERNATIONAL LABOR AFFAIRS

The International Labor Affairs Bureau (ILAB) includes a number of Departmental activities and programs which focus on carrying out the Secretary of Labor's international responsibilities. These include Departmental policy and programs relating to international labor activities, and coordinating Departmental international activities involving other U.S. Government agencies, intergovernmental organizations, and nongovernmental organizations.

In support of the Secretary of Labor's goals, DOL's international labor programs focus on implementing core labor standards, working in international fora to develop strategies to strengthen the implementation of such standards, and operating technical assistance programs that help countries in transition develop stable labor systems that enable the implementation of labor standards in these newly emerging democracies.

ILAB's performance measures for the most part are nonstatistical. ILAB's goals generally consist of the development, operation, and completion of programs or the representation of policies. Technical assistance programs consist of those funded by USAID and the World Bank, both of which perform independent evaluations of the programs. Other programs such as those in the child labor area, NAFTA, or similar type programs can be measured by assessing the completion of intended activities by given dates.

# Maintaining a Departmental Strategic Management Focus

## Departmental Management Initiatives

The Department has established long term management initiatives and performance goals to address departmental functions such as financial management, information technology, and human resources management. The most significant of these performance goals for FY 1999 are addressed in the Department's FY 1999 Annual Performance Plan. FY 1998 progress against these goals is highlighted below.

# IMPROVE MISSION PERFORMANCE AND COMMUNICATION THROUGH DEPLOYMENT OF INFORMATION SYSTEMS WHICH ARE SECURE, COMPATIBLE, AND COST EFFECTIVE

DOL will improve mission performance, productivity, communication linkages, and administrative processes through greater utilization of information technology. The goal is to reduce risks and contain costs through greater internal coordination and integration, while providing DOL employees with quality automated tools and timely information so they can better perform their jobs.

## YEAR 2000 (Y2K) ASSESSMENT

The following summary addresses key aspects of DOL Y2K progress. Additional information can be obtained from the Quarterly Report on the *Status of the Department of Labor s Year 2000 Efforts*. The report is prepared by the Office of the Assistant Secretary for Administration and Management's Information Technology Center.

## **OVERALL PROGRESS**

The Department remains ahead of schedule with 10 additional mission critical systems Year 2000 compliant and implemented<sup>2</sup> during the period of November 1 through January 31. This progress includes two systems upgraded ahead of schedule, bringing the Department's number of mission critical systems that are compliant to 51 out of a total of 61 such systems. The Department expects to meet the OMB government-wide March 1999 milestone for making all mission critical systems Year 2000 compliant.

• Validation progress for the remaining 10 systems is 98 percent completed. This phase is an important step in preparing DOL mission critical systems to be successfully implemented. Accordingly, project management has emphasized quality and not rushed the completion of validation which, however, is very nearly complete.

<sup>&</sup>lt;sup>2</sup> Implemented systems include those which are in production, or fully ready to be put into production in conjunction with normal program operations.

- Independent Verification and Validation (IV&V) has been performed for 22 of the Department's 51 compliant mission critical systems, and all assessed systems are rated at "low risk" for experiencing a Year 2000 related failure. IV&V evaluations are scheduled or are in progress for the remaining 39 systems, and are on schedule to meet the Department's June 30, 1999 IV&V completion milestone.
- **DOL data exchanges** are 80 percent compliant. Compliance is being closely monitored as an integral part of assuring that Departmental systems will function, and that State and private partners meet agreed upon interface responsibilities. The Department is improving its strategy for ensuring the readiness of its systems by verifying that system contingency plans address all data exchanges.
- **Infrastructure** compliance is being emphasized as we near the milestone for implementation of mission critical systems. Assessments are completed for buildings, telecommunications, and information technology systems, including embedded chip devices, and remediation is proceeding as scheduled. The Department further strengthened its Year 2000 Team with the addition this period of a GS-15 who will concentrate on non-IT infrastructure readiness.
- **Business Continuity and Contingency Plans** (BCCPs) have been prepared, which identify the Department's seven core business functions. Beginning in January, DOL initiated a rigorous review and refinement process for its BCCPs to ensure that these plans are viable and complete.
- **DOL non-mission critical systems** conversion is progressing, with 62 of 79 (78 percent) of these systems now Year 2000 compliant.
- Overall progress is also indicated by the 53 State Employment Security Agencies (SESAs), which successfully met the unemployment insurance (UI) system's first major Year 2000 challenge. In addition, the Department took aggressive management action to ensure that all 61 mission critical systems stay on schedule to meet the March 31, 1999 deadline.

#### SUMMARY OF MISSION CRITICAL SYSTEMS

Total Number of Mission	Number	Number to be	Number to be	Number to be
Critical Systems	Compliant	Replaced	Repaired	Retired
61	51	4	6	0

## **CONTINUITY OF BUSINESS PLANS**

The Department's approach to Business Continuity and Contingency Plan (BCCP) preparation is guided by the GAO's <u>Year 2000 Computing Crisis</u>: <u>Business Continuity and Contingency Planning</u>, the work and experiences of other agencies, such as the Social Security Administration, and the core business functions and structure of the Department.

The business continuity planning process began at DOL in February 1998, when the Assistant Secretary for Administration and Management/CIO requested plans from agencies by July 1998 for all mission critical benefit systems, financial systems and any system that did not anticipate meeting the major OMB milestones. In April 1998, the requirement for BCCPs was expanded to include all core business functions to reduce the risk of Year 2000-induced business failures.

The Department views the development of BCCPs as an iterative process. The plans delivered in July 1998 were revised in September and are, as discussed below, scheduled for further review, update, and testing in 1999. The DOL is composed of nine agencies, which execute the Department's seven high-level core business functions:

- <u>Labor and employment policy and oversight</u> Protecting the welfare and rights of American workers, including equal employment opportunity and rights of labor union members.
- <u>Worker safety and health policy oversight</u> Protecting the health and safety of American workers by fostering compliance with Federal standards through inspections, investigations, cooperative compliance assistance and training.
- <u>Workers' benefits</u> Protecting the pension, health and other benefits of participants and beneficiaries of private-sector benefit plans.
- <u>Job training programs and employment assistance</u> Providing job training programs, employment information and labor market information, through State and local workforce development systems.
- <u>Benefits programs</u> Providing income maintenance and replacement, medical treatment and/or rehabilitation for qualified unemployed workers, Federal workers, longshore workers, and coal miners who have pneumoconiosis.
- <u>Tracking national employment and/or economic conditions</u> Collecting, processing, analyzing and disseminating economic and employment statistics, indices and other information to the public, Congress, other Federal Agencies, State and local governments, and labor.
- <u>Program support</u> Ensuring cost-effective and responsive support to DOL programs through financial management, information technology, grant and procurement management, legal support, human resources and oversight.

The next step, begun in January with an executive staff briefing and workshop for core business process managers, is the review of BCCPs. This review will focus on verifying core business processes, risks and alternative actions, and increasing where necessary, the level of detail presented in the contingency planning section of the BCCPs. Current plans, call for finalizing BCCPs by May 1999 and completing testing by September 1999.

## YEAR 2000 CONVERSION COSTS (IT/NON-IT)

The following Y2K conversion costs are identified:

Fiscal Year (millions)	1996	1997	1998	1999 (est)	2000 (est)	Total (est)
DOL funding	\$1.7	\$5.4	\$14.5	\$23.7	\$10.0	\$55.3
State pass- through funding			\$205.0	\$40.0		\$245.0
Total	\$1.7	\$5.4	\$219.5	\$63.7	\$10.0	\$300.3

## OTHER INFORMATION TECHNOLOGY PERFORMANCE MEASURES

- *Implement an integrated payroll and personnel system prior to FY 2000.* 

During FY 1998, DOL-wide data relationship and coding structure comparisons completed. DOL employee data has been moved to the new system data base.

- Improve dissemination of DOL regulations, guidelines, and assistance materials, and collection of public comments through an electronic forum

ITC, in conjunction with OASP, has been working toward an effective institutionalized solution for improved public access to DOL information. During FY 1998, sophisticated Search Engine software (Verity) has been acquired and implemented to enhance search and retrieval functions across all DOL Internet servers. A project is underway to enhance DOL's implementation of the Government Information Locator System (GILS) improving indexing of available DOL information. Software has been acquired and implemented to facilitate public access to DOL regulations, guidelines and assistance materials allowing public commenting via the Internet (elaws). OASP and ITC will continue to expand these capabilities to provide easier and more robust features for public access to DOL information and interaction with DOL programs.

#### ESTABLISH DOL AS A MODEL WORKPLACE

One of DOL s key aims in the area of Human Resources Management is to provide its staff with the knowledge and skills necessary to effectively accomplish the Department s strategic goals. This will be achieved through the retooling of DOL s workforce through a series of lifelong learning initiatives. As part of this effort, DOL will be a model workplace and facilitate the recruitment and retention of a diverse, highly-skilled workforce capable of meeting DOL s strategic and performance goals, while creating an employee-friendly environment that allows employees to better balance their work and family obligations.

## PERFORMANCE MEASURES

- Increase by 10% the number of employees utilizing continuous learning/development and career management programs and services.

During FY 1998 the baseline data for the measure has been established.

- Increase participation in employee-friendly programs by 10%

During FY 1998 the baseline data for the measure has been established.

- Complete a review of one of the ten major DOL agencies that verify that all DOL agencies have procedures in place to meet the requirements of applicable civil rights laws

No activity during FY 1998.

## C. DEPARTMENTAL PERFORMANCE MEASURES

This section presents DOL Agency activity for FY 1998 against the FY 1999 performance goals and indicators in the FY 1999 Departmental Annual Performance Plan prepared as a requirement of the Government Performance and Results Act (GPRA). The numbering system used to identify the goals tracks the numbers assigned to the goals in the DOL FY 1999 Annual Performance Plan. The following information is included in the matrices that follow:

- Outcome Goal -- The larger outcome goal which is supported by the FY 1999 performance goals.
- FY 1999 Performance Goal -- The specific targets relative to the outcome goal which will be accomplished in FY 1999. Program changes have resulted in some goals included in the FY 1999 being deleted and other goals being added. The notation add or drop under the number of a goal indicates a deleted or added goal. For most changes an explanation is provided as a footnote to the goal.
- FY 1998 Activity -- Where the organization has performance data to report for FY 1998 against the performance goal it is reported here. Other information related to the status of goal in terms of progress in establishing baseline data may also be included.

GOAL 1: A PREPARED WORKFORCE: Enhance opportunities for America s workforce

	Outcome Goal 1.1 Increase Employment, Earnings, and Assistance			
1.1A	FY 1999 Performance Goal	56% of those completing the welfare to work program will be employed		
	FY 1998 (PY 1997) <sup>3</sup> Activity	The Welfare-to-Work program is in the early stages of implementation, and no performance data are available for FY 1998/PY 1997 for this goal.		
1.1B	FY 1999 Performance Goal	64% of JTPA adult disadvantaged terminees will be employed one quarter after program exit with average weekly earnings of \$292		
	FY 1998(PY 1997) Activity	In PY 1997, 66 percent of terminees of the JTPA Title II-A program were employed one quarter after program exit. The average weekly earnings one quarter after program exit was \$322.		
1.1C	FY 1999 Performance Goal	Assist 300,000 veterans to find jobs: 10,000 will be service-connected disabled veterans, and 1,850 will be veterans who are homeless		
	FY 1998 Activity	VETS assisted approximately 297,000 veterans into jobs. Of this number, 13,400 were service-connected disabled veterans and 1,500 were veterans who were homeless.		

<sup>&</sup>lt;sup>3</sup>Please see footnote on page 2.7 for relationship of Fiscal Year 1998 to Program Year 1997.

	Outcome Goal	1.1 Increase Employment, Earnings, and Assistance (continued)
1.1D Drop <sup>4</sup>	FY 1999 Performance Goal	Develop and implement a national Veterans' Employment initiative that will help approximately 25,000 unemployed older veterans into jobs annually for five years
	Outcom	e Goal 1.2 Assist Youth in Making the Transition to Work
1.2A	FY 1999 Performance Goal	77% of JTPA Title II-C youth terminees will be employed or obtain advanced education or job skills
	FY 1998(PY 1997) Activity	In PY 1997, 55 percent of JTPA Title II-C youth terminees were employed after program exit.
1.2B	FY 1999 Performance Goal	75% of Job Corps trainees will get jobs or pursue further education, with those obtaining jobs having an average starting wage of \$6.50 per hour
	FY 1998(PY 1997) Activity	In PY 1997, 80 percent of Job Corps trainees either entered employment or pursued further education. The average starting wage of Job Corps students who entered employment was \$6.58 per hour.
1.2C	FY 1999 Performance Goal	Engage 1.5 million youth in School-to-Work activities
	FY 1998(PY 1997) Activity	Data for Program Year 1997 are not yet available. For Program Year 1996, ending June 30, 1997 (the most recent available data), 1,265,549 secondary school students were engaged in School-to-Work activities.
1.2D	FY 1999 Performance Goal	During the initial year of program operations, 25,000 out-of-school youth will be served in Youth Opportunity Areas
	FY 1998 Activity	No activity occurred for this program during PY 1997.
	Outco	me Goal 1.3 Provide Information and Tools about Work
1.3A	FY 1999 Performance Goal	Increase the number of individuals entering employment after receiving labor exchange services beyond registration by 1%
	FY 1998(PY 1997) Activity	During PY 1997, the number of individuals entering employment after receiving labor exchange services increased by 1.1 percent.
1.3B	FY 1999 Performance Goal	Increase the number of operational One-Stop Career Centers to 1,000 (40% of local Employment Service and JTPA SDA offices)
	FY 1998 Activity	By the end of FY 1998, there were 1,000 operational One-Stop Career Centers.  Data is not available to report the <i>percentage</i> of local Employment Service and JTPA SDA offices operating One-Stop Career Centers.

 $<sup>^4</sup>$ This performance measure has been dropped, since funding for the Veteran's Employment initiative was not provided in the FY 1999 budget .

	Outcome Goal	1.3 Provide Information and Tools about Work (continued)
1.3C	FY 1999 Performance Goal	Increase the number of total job openings listed with the public employment service by 20 percent
	FY 1998(PY 1997) Activity	In PY 1997, there were 8.1 million job postings with the public employment service (6.5 million with the States' ES offices and 1.5 million with the Electronic Labor Exchange on America's Job Bank). The 8.1 million postings represent an increase of 15.7 percent in PY 1997 over the PY 1996 baseline.
	Outcome Go:	al 1.4 Provide Information and Analysis on the U.S. Economy
1.4A	FY 1999 Performance Goal	Produce and disseminate timely, accurate, and relevant economic information
	FY 1998 Activity	(The measures for this performance goal are the accomplishment of the program deliverables for the five principal economic indicators listed.) All five program timeliness and quality measures were met in FY 1998.
1.4B	FY 1999 Performance Goal	Improve the accuracy, efficiency, and relevancy of economic measures
	FY 1998 Activity	(The measures for this performance goal are the significant milestones expected to be completed towards the accomplishment of the improvement objectives listed in the given year.) Three of the improvement activities listed, NAICS, CPI-R, and CPI-I, are multi-year improvement programs and FY 1998 activities were conducted. For example, in the case of NAICS, during FY 1998, all States mechanically assigned NAICS codes to establishments with SIC codes that match unique NAICS codes for the Covered Employment and Wages (ES-202) program. For the JOLTS program, funding started with FY 1999 and in FY 1998 limited planning activities in preparation for receipt of the funding were undertaken.

Goal 2: A Secure Workforce: Promote the economic security of workers and families

	Outcome Goal 2.1 Increase Compliance with Worker Protection Laws				
2.1A	FY 1999 Performance Goal	Increase compliance with labor standards laws and regulations by 5% in the San Francisco and New York City garment industries and poultry processing			
	FY 1998 Activity	Established 40% compliance baseline in poultry processing. Compliance baselines for garment industries in San Francisco (79%) and New York City (37%) were established in FY 1997.			
2.1B	FY 1999 Performance Goal	Improve compliance with labor standards laws and regulations by at least 5% over the baseline for employers subject to repeat investigations in targeted health care, garment, and agricultural commodities			
	FY 1998 Activity	Established baselines for: reinvestigated garment shops in Los Angeles (25%), reinvestigated assisted living health care facilities (60%), and reinvestigated tomato harvesting operations (59%). Established compliance baselines for reinvestigated nursing homes (76%) in FY 1997.			
2.1C	FY 1999 Performance Goal	Increase by 2.5% both the number of closed investigations of employee pension and health benefits plans where assets are restored (to 537) and the number where prohibited transactions are corrected (to 241).			
	FY 1998 Activity	The FY 1998 increase exceeded 2.5%			
2.1D Drop	FY 1999 Performance Goal	Ensure that no more than 3% of the 1999 plan year employee benefit plan 5500 filings and 12% of related audits are deficient			
2.1E	FY 1999 Performance Goal	Increase by 6% (to 85%) the number of unions with over \$200,000 in annual receipts which timely comply with union financial reporting requirements			
	FY 1998 Activity	Actual performance was 83.4%. To further improve results and meet the FY 1999 objective, OLMS will continue compliance assistance and liaison efforts to promote timely reporting compliance.			
2.1F <sup>5</sup> Drop	FY 1999 Performance Goal	Reduce by 50% the incidence of union officer election complaints concerning unions whose previous elections were investigated by the agency.			

<sup>&</sup>lt;sup>5</sup>This performance goal was eliminated because the indicator is ambiguous. The result of receiving fewer complaints concerning union officer elections, while possibly an indication that more union officer elections are being conducted democratically in accordance with LMRDA standards, could also be an indication that union members are not exercising their right to file union officer election complaints under the LMRDA.

	Outcome Goal 2.2 Protect Worker Benefits			
2.2A	FY 1999 Performance Goal	Meet or exceed the Secretary's Standards for promptness in paying worker claims for Unemployment Insurance and deciding appeals		
	FY 1998 Activity	The Secretary's Standards were exceeded in FY 1998 for promptness in paying worker claims for Unemployment Insurance and deciding appeals. For FY 1998, 90.3 percent of intrastate payments were paid on time (compared to standard of 87 percent); 79.0 percent of interstate payments were timely (compared to standard of 70 percent); 67.4 percent of lower authority appeals decisions were rendered within 30 days (compared to standard of 60 percent); and 85.2 percent of lower authority appeals were rendered within 45 days (compared to standard of 80 percent).		
2.2B	FY 1999 Performance Goal	The Average Weekly Benefit Amount (AWBA) in Unemployment Insurance will be \$199 by the end of FY 1999		
	FY 1998 Activity	The Average Weekly Benefit Amount received by all claimants in FY 1998 was \$193.		
2.2C Drop <sup>6</sup>	FY 1999 Performance Goal	Increase by 20% the number of targeted educational materials distributed which promote pensions for women, minorities, and small businesses		
2.2C Add	FY 1999 Performance Goal	Increase by 1% the number of workers who are covered by a pension plan sponsored by their employer, particularly women, minority and workers in small businesses.		
	FY 1998 Activity	Data unavailable		
2.2D	FY 1999 Performance Goal	Promulgate final health benefit and regulatory guidance, including technical advice, implementing the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Newborns' and Mothers' Protection Act of 1996, and the Mental Health Parity Act of 1996		
	FY 1998 Activity	Not applicable		
2.2E	FY 1999 Performance Goal	Return Federal employees to work following an injury as early as appropriate, as indicated by a 6% reduction from the baseline in production days lost due to disability for cases in the Quality Case Management (QCM) program		
	FY 1998 Activity	The FY 1997 baseline was 189 days. The FY 1998 target was 184 days, however, actual performance was 187 days. While the FY 1998 goal was not achieved, the two day reduction represents a significant start and the office began to make more progress toward the end of the fiscal year as its staff became more familiar with the strategies that are needed to speed return to work.		

 $<sup>^6\</sup>mbox{Replaced}$  by goal 2.2C 'Add' which follows 2.2C 'Drop.'

	Outcome Goal 2.2 Protect Worker Benefits (continued)				
2.2F	FY 1999 Performance Goal	Produce \$5.7 million in savings in the Federal Employees Compensation Act (FECA) Program by expanding the Periodic Roll Management project that reviews the continued eligibility of long-term claims			
	FY 1998 Activity	(Savings produced in base year prior to start-up in each office. \$6.3 million was saved in FY 1997.) The FY 1998 target was an additional \$8 million in compensation benefit savings. The FY 1998 actual performance was a savings of \$10.1 million.			
2.2G	FY 1999 Performance Goal	In the Federal Employees Compensation Act (FECA) Program, save 5% versus amounts billed for pharmacy and inpatient hospital services and 3% versus amounts billed for physician and other professional medical services through review of bills prior to payment to identify over-utilization of services or improper use of coding by medical providers.			
	FY 1998 Activity	The FY 1998 target was to save 10% versus amounts billed for pharmacy and inpatient hospital services. <sup>7</sup>			
2.2H	FY 1999 Performance Goal	Complete significant intermediate steps in long-term reengineering of the Davis-Bacon Act wage determination and survey processes to improve the accuracy and timeliness of wage determinations.			
	FY 1998 Activity	BLS has completed two fringe benefit pilot surveys.			
		Outcome Goal 2.3 Provide Worker Retraining			
2.3A	FY 1999 Performance Goal	Under JTPA Title III for dislocated workers, 74% of program terminees will be employed at an average wage replacement rate of 93% at termination; 76% will be employed one quarter after program exit at an average wage replacement rate of 97%			
	FY 1998(PY 1997) Activity	In PY 1997, an estimated 73 percent of terminees of the JTPA Title III dislocated worker program were employed at an average wage replacement rate of 98 percent at termination. One quarter after program exit, 72 percent of program terminees were employed at an average wage replacement rate of 102 percent.			
2.3B	FY 1999 Performance Goal	Under North American Free Trade (NAFTA) and Trade Adjustment Assistance (TAA) programs, 72% of program terminees will be employed			
	FY 1998 Activity	No performance outcome data on employment of program terminees are available for FY 1998 for the TAA and NAFTA-TAA programs.			

<sup>&</sup>lt;sup>7</sup>Achievement of this goal relied upon the finalization of new regulations in FY 1998 which would give FECA the authority to apply a schedule of fees against charges for pharmacy and other (primarily physicians) professional medical services. The regulations did not become final until January 1999, and as a result, FECA was not able to establish the fee schedule and therefore was not able to meet the performance target established for FY 1998.

# Goal Three: Quality Workplaces: Foster quality workplaces that are safe, healthy, and fair.

	Outcome Goal 3.1 Reduce Workplace Injuries, Illnesses, and Fatalities			
3.1A	FY 1999 Performance Goal	Reduce the number of coal mine and metal and nonmetal mine fatalities and non-fatal injuries (nonfatal-days-lost incidence rate) to below the average number recorded for the previous five years		
	FY 1998 Activity	Mine fatalities decreased from 101 in FY 1997 to 80 in FY 1998well below the previous 5-year average of 95.8. The nonfatal-days-lost injury incidence rate of 3.71 at the end of third quarter FY 1998 is well below the previous 5-year average of 4.29 (as well as being below the 5-year average for the end of third quarter rate of 4.26).		
3.1B	FY 1999 Performance Goal	Reduce by 5% the percentage of samples out of compliance with the respirable Coal Mine dust standard and reduce by 5%, the percentage of samples taken among the highest risk occupations, that are out of compliance with Metal and Nonmetal Mine dust standard		
	FY 1998 Activity	Establishing the respirable coal dust baseline has been delayed because of a September 4, 1998 court decision on the "single-shift sampling" procedure that was to be used as the basis for future enforcement of the respirable coal dust standard. MSHA is continuing to press for the use of "single full-shift sampling" for checking dust concentrations in the working section of a mine. The silica dust baseline was established from 1995–1997 silica dust data. A baseline algorithm was constructed according to a weighted compilation for the 35 highest risk occupational categories and given a GPRA rating of 100%. Values less than 100% show a positive result. The FY 1998 cut-off date results show a rating of 72%.		
3.1C	FY 1999 Performance Goal	Reduce three of the most prevalent workplace injuries/illnesses by 3% by focusing on those industries and occupations that cause the most injuries/illnesses and pose the greatest risk to workers		
	FY 1998 Activity	OSHA has identified silica, lead and amputations as the three target areas for this measure. Data has been collected on the number of inspections targeted to silica and lead hazards in FY 1998, and the amount of penalties collected. Also identified are the number of inspections and penalties associated with serious silica and lead violations. No data is available as yet on amputations. Percentage change in average silica and lead exposure severity, and percentage change in rate of amputations, will be calculated in FY 1999.		
3.1D	FY 1999 Performance Goal	Reduce injuries/illnesses by 3% in at least five high hazard industries (shipyards, food processing, nursing homes, construction, and logging) by focusing on those workplaces with the highest injuries and illnesses		
	FY 1998 Activity	OSHA has collected data on the number of inspections conducted and penalties assessed in all five high hazard industries during FY 1998. Also identified are numbers of inspections and penalties associated with serious violations in these areas. Data on 1998 injury and illness rates will be collected during FY 1999. The agency will be able to report outcome data in FY 2000.		

	Outcome Goal 3	5.1 Reduce Workplace Injuries, Illnesses, and Fatalities (continued)
3.1E	FY 1999 Performance Goal	Effect at least a 20% reduction in injuries and illnesses in at least 25,000 workplaces where OSHA initiates a major intervention
	FY 1998 Activity	No data are currently available to report for FY 1998 on lost workday injury and illness rates in workplaces where an OSHA intervention has occurred. The methodology to calculate this indicator is being developed.
3.1F	FY 1999 Performance Goal	Decrease fatalities in the construction industry by 3% by focusing on the four leading causes of fatalities (falls, struck-by, crushed-by, and electrocutions and electrical injuries)
	FY 1998 Activity	OSHA has collected data on the number of construction inspections and penalties assessed during FY 1998. Also identified are the number of construction inspections and penalties associated with serious violations. The percentage change in the rate of fatalities will be obtained from the BLS Census of Fatal Occupational Injuries beginning in FY 1999.
	Outco	me Goal 3.2 Foster Equal Opportunity Workplaces
3.2A	FY 1999 Performance Goal	Increase by 5% the number of Federal contractors brought into compliance with the Equal Employment Opportunity (EEO) provisions of Federal contracts
	FY 1998 Activity	Established a baseline of 2,702 federal contractors brought into compliance.
3.2B <sup>8</sup> Drop	FY 1999 Performance Goal	Reduce by 2% over the FY 1998 baseline the number of discrimination complaints filed by Federal grant recipients and the disabled in State and local governments.
3.2B Add	FY 1999 Performance Goal	Issue final regulations implementing the nondiscrimination provisions of Section 188 if WIA by August 7, 1999.
	FY 1998 Activity	As of the end of FY 1998, an initial meeting was held with the Employment and Training Administration (ETA) to coordinate a timetable for issuing regulations. Meetings have also been held with the Associate Solicitor for Civil Rights to arrange the necessary legal support in the drafting of the regulations and a briefing has been held for staff on the focus of the new legislation.

<sup>&</sup>lt;sup>8</sup>This measure has been dropped based on GAO's findings in reviewing this measure that 'complaints filed' as a measure of performance places an undue emphasis on the process which may have a inhibiting effect on the number of complaints filed. This measure has been replaced with goal 3.2B add above.

	Outcome G	oal 3.3 Support a Greater Balance Between Work and Family
3.3A	FY 1999 Performance Goal	By replicating the West Virginia and other successful child care models, increase the number of States with child care apprenticeship programs to 29 and increase the number of child care apprentices by 10% (to at least 2,114)
	FY 1998 Activity	In FY 1998, 19 States had child care apprenticeship programs, and there were 1,914 child care apprentices.
3.3B	FY 1999 Performance Goal	Increase by 50% the number of small and mid-sized employers who voluntarily adopt new family-friendly programs or policies
	FY 1998 Activity	Established baseline of 840 employers
	Outcome Goal 3.4	Reduce Exploitation of Child Labor and Address Core International Labor Standards Issues
3.4A	FY 1999 Performance Goal	Increase by 33% the number of countries signing MOUs with the International Labor Organization's (ILO) Child Labor International Program on the Elimination of Child Labor (IPEC) program
	FY 1998 Activity	No activity reported.
3.4B	FY 1999 Performance Goal	Increase by 100% the number of IPEC child labor elimination projects funded by ILAB
	FY 1998 Activity	No activity reported.
3.4C	FY 1999 Performance Goal	Increase implementation of core labor standards in five countries
	FY 1998 Activity	No activity reported.
3.4D	FY 1999 Performance Goal	Advance framework for core labor standards in one regional economic integration initiative
	FY 1998 Activity	No activity reported.
	Indicator	Number of regional economic integration initiatives that adopt framework for core labor standards proposed by the U.S.; number of regional economic integration initiatives that make progress in enhancing implementation of core labor standards

## MAINTAINING A DEPARTMENTAL STRATEGIC MANAGEMENT PROCESS

Outcor	Outcome Goal M.1 Improve mission performance and communication through deployment of information systems which are secure, compatible, and cost effective				
M.1A	FY 1999 Performance Goal	100% of mission critical systems will process Year 2000 dates correctly			
	FY 1998 Activity	The Department has 30 compliant mission critical systems and 56 compliant non-mission critical systems. Ninety-five percent of renovation work on mission critical systems has been completed. At the end of FY 1998, 81% of the systems are in compliance.			
M.1B	FY 1999 Performance Goal	Improve dissemination of DOL regulations, guidelines, and assistance materials, and collection of public comments through an electronic forum			
	FY 1998 Activity	ITC, in conjunction with OASP, has been working toward an effective institutionalized solution for improved public access to DOL information. Sophisticated Search Engine software (Verity) has been acquired and implemented to enhance search and retrieval functions across all DOL Internet servers. A project is underway to enhance DOL's implementation of the Government Information Locator System (GILS) improving indexing of available DOL information. Software has been acquired and implemented to facilitate public access to DOL regulations, guidelines and assistance materials allowing public commenting via the Internet (elaws).			
M.1C	FY 1999 Performance Goal	Implement an integrated payroll and personnel system prior to FY 2000			
	FY 1998 Activity	During FY 1998, DOL-wide data relationship and coding structure comparisons completed. DOL employee data has been moved to the new system data base.			
Outcor	Outcome Goal M.2 Maintain the integrity and stewardship of the Department's financial resources				
M.2A	FY 1999 Performance Goal	DOL financial systems and procedures either meet the "substantial compliance" standard as prescribed in the Federal Financial management Improvement Act (FFMIA) or corrective actions are scheduled to promptly correct material weaknesses identified			
	FY 1998 Activity	The OIG's audit of DOL's FY 1998 financial statements has not been completed as yet.			

	Outcome Goal M.3 Establish DOL as a Model Workplace			
M.3A	FY 1999 Performance Goal	Increase by 10% the number of employees utilizing continuous learning/development and career management programs and services		
	FY 1998 Activity	FY 1998 data is being aggregated from the following sources to determine a baseline number:		
		- Number of employees who participated in classroom deliveries, facilitated training events and external development programs		
		- Number of employees who completed self-study courses		
		- Number of employees who received career counseling		
		- Number of employees who used the services of the Career Assistance Center and the Continuous Learning Library Exchange.		
M.3B	FY 1999 Performance Goal	Increase participation in "employee-friendly" programs by 10%		
	FY 1998	Baseline data is being established from the following data sources:		
	Activity			
		For the baseline for flexiplace participation, the Personnel Offices provided the number of employees who are currently on flexiplace arrangements.		
		For part-time workers, data in PERMIS for the number of employees who are part-time will be used. A database will be developed to establish job sharing opportunities and count the number of employees who actually job share in FY 1999.		
		For the leave bank baseline, the number of employees who are currently leave bank members will be used.		
		Usage reports will be used to establish baseline data for the resource and referral service.		
		A baseline of usage on LaborNet will be obtained from the hits recorded.		
M.3C	FY 1999 Performance Goal	Complete a review of one of the ten major DOL agencies that verify that all DOL agencies have procedures in place to meet the requirements of applicable civil rights laws		
	FY 1998 Activity	No FY 1998 activity		
M.3D	FY 1999 Performance Goal	Increase the number of employees returning to work, thereby reducing charge back compensation costs by 3%		
	FY 1998 Activity	Charge back costs for FY 98 totaled \$20,378,249, including death benefits. When the cost of the death benefits are excluded, the FY 98 costs were \$18,566,939 – an increase of \$1,344,757 over the comparable FY 97 costs. Approximately \$900,000 of the increase is attributable to four catastrophic injuries in the Job Corps program.		

#### D. FINANCIAL RESOURCES AND RESULTS OF OPERATIONS

The accompanying principal statements summarize DOL's financial position, show the net cost of operations and changes in net position, provide information on budgetary resources and financing, reconcile the net cost of operations with the obligation of budgetary resources and present the sources and disposition of custodial revenues during fiscal year 1998. Highlights of the financial information presented in the principal statements are shown below:

#### **NET COST OF OPERATIONS**

- The full and net operating costs of DOL's major programs are shown on the Statement of Net Costs. The full cost of DOL's major programs during FY 1998 was \$33.6 billion; full costs were reduced by matching program revenues earned of \$2.4 billion to arrive at FY 1998 net operating costs of \$31.2 billion.
- Full program costs included accrued expenses in five major program areas. Income maintenance costs of \$26.0 billion and employment and training costs of \$6.2 billion represented 77 percent and 18 percent, respectively, of DOL's total program costs during FY 1998. Benefit payments totaling \$22.4 billion represented 67 percent of total program costs and 86 percent of income maintenance costs. Benefit payment expenses were incurred under DOL's unemployment (\$19.9 billion) and workers compensation (\$2.5 billion) programs.
- Full program costs were reduced by earned revenues attributed to the program to arrive at net program costs. DOL's earned revenues in FY 1998 were \$2.4 billion, consisting primarily of reimbursements to DOL's Unemployment Trust Fund and Special Benefit Fund for unemployment and workers' compensation benefits paid or payable by these funds to the employees of participating Federal agencies.
- Included in the net cost of operations were net costs not assigned to programs of \$44.7 million. These unassigned costs represented less than two tenths of one percent of DOL's net operating costs.

## FINANCING SOURCES OTHER THAN EARNED REVENUES

• DOL's net cost of operations must be funded by financing sources other than earned revenues. DOL reported other financing sources of \$39.7 billion on the Statement of Changes in Net Position for FY 1998. These financing sources funded DOL's \$31.2 billion net operating costs and contributed \$8.4 billion to DOL's net operating results. Employer taxes of \$27.0 billion comprised over 68 percent of these other financing sources during FY 1998.

## FINANCIAL POSITION

• DOL's total assets were \$86.6 billion at the end of FY 1998. Entity assets of \$86.4 billion comprised over 99 percent of DOL's total assets. Unemployment Trust Fund investments of \$70.6 billion in government securities represented 82 percent of these entity assets.

## FINANCIAL POSITION (CONTINUED)

- DOL reported liabilities of \$8.0 billion against these assets at the end of FY 1998, and a residual net position of \$78.6 billion. Of DOL's total liabilities, \$6.9 billion (86 percent) were not covered by budgetary resources. Repayable advances of \$5.9 billion, payable by DOL's Black Lung Disability Trust Fund to the U.S. Treasury, comprised 74 percent of DOL's total liabilities and 86 percent of uncovered liabilities at the end of FY 1998.
- DOL's net position increased from \$68.3. billion in 1997 to \$78.6 billion in 1998, an increase of \$10.3 billion (15%). This increase in net position was primarily attributable to the operations of the Unemployment Trust Fund, which produced net operating results of \$8.6 billion during FY 1998. The net operating results of the Unemployment Trust Fund were offset by minor operating losses in DOL's Black Lung and Longshore and Harbor Workers Trust Funds, reducing DOL's FY 1998 net operating results to \$8.4 billion. These net operating results and a \$1.9 billion increase in DOL's unexpended appropriations accounted for the \$10.3 billion increase in DOL's net position at the end of FY 1998.

## **BUDGETARY RESOURCES**

• DOL's budgetary resources were \$107.5 billion in 1998. Obligations incurred against these budgetary resources were \$35.3 billion. Unobligated balances at the end of FY 1998 were \$72.2 billion. This unobligated balance was primarily attributable to the \$71.0 billion cumulative results of operatons in the Unemployment Trust Fund.